

**Allianz Life Insurance Malaysia Berhad**  
Registration No. 198301008983 (104248-X)  
(Incorporated in Malaysia)

**Financial statements for the year  
ended 31 December 2025**  
(in Ringgit Malaysia "RM")

# Allianz Life Insurance Malaysia Berhad

Registration No. 198301008983 (104248-X)

(Incorporated in Malaysia)

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# Allianz Life Insurance Malaysia Berhad

Registration No. 198301008983 (104248-X)  
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## Directors' report for the financial year ended 31 December 2025

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 December 2025.

### Principal activities

The Company is principally engaged in the underwriting of life insurance and investment-linked business. There has been no significant change in the nature of these activities during the financial year.

### Results

|                                   | <b>RM'000</b>         |
|-----------------------------------|-----------------------|
| Net profit for the financial year | <u><u>491,273</u></u> |

### Dividends

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

(i) In respect of the financial year ended 31 December 2024:

- a single-tier final dividend of 46.9 sen per ordinary share totalling RM110,965,400 paid on 6 June 2025.

(ii) In respect of the financial year ended 31 December 2025:

- a single tier interim dividend of 50.7 sen per ordinary share totalling RM119,956,200 paid on 29 December 2025.

## **Reserves and provisions**

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

## **Insurance contract liabilities**

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that the liability for remaining coverage and liability for incurred claims are adequate in accordance with Malaysian Financial Reporting Standard ("MFRS") 17, *Insurance Contracts*.

## **Bad and doubtful debts**

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that actions had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent.

## **Current assets**

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the financial statements of the Company, have been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances that would render the value attributed to the current assets in the financial statements of the Company misleading.

## **Valuation methods**

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities in the financial statements of the Company misleading or inappropriate.

## **Contingent and other liabilities**

At the date of this report, there does not exist:

- (i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

For the purpose of the above paragraphs, contingent liability and other liability do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Company.

## **Change of circumstances**

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company that would render any amount stated in the financial statements of the Company misleading.

## **Items of an unusual nature**

In the opinion of the Directors, the results of operations of the Company for the financial year ended 31 December 2025 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

## Issue of shares

There were no changes in the issued share capital of the Company during the financial year.

## Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

## Indemnity and insurance costs

The Company maintains a Directors' and Officers' Liability Insurance for the purpose of Section 289(5) of the Companies Act 2016 in Malaysia, throughout the year, which provides appropriate insurance cover for the Directors and Officers of the Company. The amount of insurance premium paid during the financial year amounted to RM13,943.

There was no indemnity given to, or insurance effected for auditors of the Company in respect of the liability for any act or omission in their capacity as auditors during the financial year.

To the extent permitted by law, the Company has agreed to indemnify its auditors as part of the terms of non-audit engagement against claims by third parties arising from the non-audit engagement. No payment has been made to indemnify the auditor during the financial year.

## Directors of the Company

The Directors of the Company who served during the financial year and during the period from the end of the financial year to the date of this report are:

Peter Ho Kok Wai (Chairman - Independent Non-Executive Director)

(Appointed as Chairman on 3 January 2026)

Lim Fen Nee (Independent Non-Executive Director)

Foo Chee It (Independent Non-Executive Director)

Giulio Slavich (Non-Independent Executive Director)

(Appointed on 1 January 2026)

Goh Ching Yin (Chairman - Independent Non-Executive Director)

(Ceased on 2 January 2026)

Ong Eng Chow (Non-Independent Executive Director)

(Ceased on 31 December 2025)

## Directors' interests

The Directors of the Company do not hold any shares in the Company as the Company is a wholly-owned subsidiary of Allianz Malaysia Berhad ("AMB"). The interests and deemed interests in the shares of AMB and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interest of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

|  | Number of ordinary shares                            |                       |      |                     |
|--|--|-----------------------|------|---------------------|
|  | As at<br>1.1.2025                                    | Bought                | Sold | As at<br>31.12.2025 |
| <b>Interests in AMB</b>                                      |  |                       |      |                     |
| Ong Eng Chow   | 100  | -                     | -    | 100                 |
|  |  |                       |      |                     |
|  | Number of Irredeemable Convertible Preference Shares |                       |      |                     |
|  | As at<br>1.1.2025                                    | Bought                | Sold | As at<br>31.12.2025 |
| <b>Interests in AMB</b>                                      |  |                       |      |                     |
| Ong Eng Chow   | 100  | -                     | -    | 100                 |
|  |  |                       |      |                     |
|  | Number of registered shares                          |                       |      |                     |
|  | As at<br>1.1.2025                                    | Bought                | Sold | As at<br>31.12.2025 |
| <b>Interests in the Ultimate Holding Company, Allianz SE</b> |  |                       |      |                     |
| Ong Eng Chow   |  |                       |      |                     |
| - Direct Interest  | 4 <sup>(a)</sup>                                     | 1 <sup>(a)</sup>      | -    | 5                   |
| - Direct Interest  | 328.557 <sup>(b)</sup>                               | 29.909 <sup>(b)</sup> | -    | 358.466             |
| - Indirect Interest <sup>(c)</sup>                           | -  | 1 <sup>(a)</sup>      | -    | 1                   |
| - Indirect Interest <sup>(c)</sup>                           | -  | 9.752 <sup>(b)</sup>  | -    | 9.752               |

Notes:

(a) Free share granted under Allianz Free Share Program.

(b) Shares acquired by way of exercise of Allianz Employee Share Purchase Plan.

(c) Deemed interest by virtue of shares held by his family member.

Save as disclosed above, none of the other Directors holding office as at 31 December 2025 had any interest in the shares of the Company and of its related corporations during the financial year.

## Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as disclosed in the "Directors Remuneration" of this report or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the objective of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## Directors' remuneration

The details of the Directors' remuneration paid to the Directors of the Company during the financial year are as follows:

|   | (RM '000)  |                                    |                      |            |
|---|------------|------------------------------------|----------------------|------------|
|   | Fees       | Other<br>Emoluments <sup>(a)</sup> | Benefits-<br>in-kind | Total      |
| <b>Non-Executive Directors</b>                                      |            |                                    |                      |            |
| Goh Ching Yin   | 120        | 162                                | -                    | 282        |
| Peter Ho Kok Wai  | 120        | 15                                 | -                    | 135        |
| Lim Fen Nee   | 120        | 15                                 | -                    | 135        |
| Foo Chee It   | 120        | 15                                 | -                    | 135        |
| <b>Total remuneration of Non-Executive Directors of the Company</b> | <b>480</b> | <b>207</b>                         | <b>-</b>             | <b>687</b> |
| <b>Executive Director</b>   |            |                                    |                      |            |
| Ong Eng Chow <sup>(b)</sup>   | -          | -                                  | -                    | -          |

Notes:

<sup>(a)</sup> Other emoluments comprising Chairman's allowances and meeting allowances.

<sup>(b)</sup> No remuneration received for his position as the Executive Director of the Company. The remuneration received for his position as the Chief Executive Officer is disclosed in Note 20.

## Corporate governance disclosures

### A. Board of Directors

The Board of Directors ("Board") has overall responsibility for reviewing and adopting strategic plans for the Company, overseeing the conduct of business of the Company, implementing an appropriate system of risk management and ensuring the adequacy and integrity of the Company's internal control system.

The detailed responsibilities of the Board are set out in the Board Charter, which is available at the Company's website, [www.allianz.com.my](http://www.allianz.com.my).

#### A1. Composition of the Board

The Board is made up of 3 Independent Non-Executive Directors and 1 Non-Independent Executive Director.

The Board comprises members from various fields with a balance of skills and experiences appropriate to the business of the Company.

All members of the Board complied with the minimum criteria of "A Fit and Proper Person" as prescribed under the Financial Services Act, 2013 ("FSA 2013").

The appointments and re-appointments of all Board members were approved by Bank Negara Malaysia ("BNM").

## Corporate governance disclosures (continued)

### A. Board of Directors (continued)

#### A1. Composition of the Board (continued)

The profiles of the Board members are as follows:

|  |   |
|--|---|
| <p><b>Peter Ho Kok Wai</b><br/>Chairman - Independent Non-Executive Director</p> |   |
| <p>Working experience</p>  | <p>Peter Ho forged his early career with Everett Pinto &amp; Co., a central London Firm of Chartered Accountants and qualified as a Chartered Accountant in 1984.</p> <p>Subsequently, in 1987, he joined KPMG Kuala Lumpur where he progressed to Head of Department in 1992. He was transferred to KPMG Ipoh in 1993 to head the branch and was admitted as Partner in 1995. He was transferred back to KPMG Kuala Lumpur in 2005, where he had, at various times, headed the Technical Committee, Audit Function and Marketing Department.</p> <p>He has more than 35 years of auditing experience in a wide range of companies including public listed companies and multinationals, with particular emphasis in manufacturing, distribution and financial services. He retired from KPMG in December 2014.</p> <p>He sits as an Independent Non-Executive Director in multiple public listed companies on the Main Market of Bursa Malaysia Securities Berhad. He also sits as an Independent Non-Executive Director of First Resources Limited, a company listed on the Singapore Exchange Limited.</p> |
| <p>Shareholding in the Company</p>   | <p>Nil</p>  |

## Corporate governance disclosures (continued)

### A. Board of Directors (continued)

#### A1. Composition of the Board (continued)

|  |  |
|--|--|
| <p><b>Lim Fen Nee</b><br/>Independent Non-Executive Director</p> |  |
| <p>Working experience</p>  | <p>Lim Fen Nee is a qualified accountant with over 24 years of experience in the fields of accounting, assurance and regulatory oversight.</p> <p>She was the Regional Partner of Deloitte Southeast Asia (“SEA”), SEA Regulatory and Public Policy Leader and the Audit and Assurance Partner for Malaysia from 2017 to 2019. Her main role involves dealing with assurance and advisory, professional practice, quality initiatives, regulatory and public policy.</p> <p>Prior to her role in Deloitte SEA, she was with Securities Commission Malaysia from 2010 to 2016. She was the Head of Audit Oversight Board and was one of the founding management team. In addition, she also served as a Project Advisor to the Securities Commission Malaysia covering various capital market projects and actively involved in international and ASEAN audit oversight activities.</p> <p>She gained extensive experience in assurance and advisory in public listed companies, multinational company, initial public offerings, debt securitisation and corporate restructuring during her roles in Ernst &amp; Young, Kuala Lumpur and PricewaterhouseCoopers United States during the period from 1997 to 2009. She had also held consulting roles in the World Bank Washington D.C. covering governance and financial reporting.</p> <p>Amongst her other contributions, she represented the authorities, accounting profession and the industry both locally and internationally. This includes serving as a Council Member of ACCA in United Kingdom, Chair of ACCA Malaysia Advisory Committee, Council member of MIA and as the Chair of MIA Digital Technology Implementation Committee. She was also a past member of the Audit Licensing Committee of the Ministry of Finance Malaysia.</p> |
| <p>Shareholding in the Company</p>                               | <p>Nil</p>   |

## Corporate governance disclosures (continued)

### A. Board of Directors (continued)

#### A1. Composition of the Board (continued)

|  |  |
|--|--|
| <b>Foo Chee It</b><br>Independent Non-Executive Director |  |
| Working experience                                       | <p>Foo Chee It ("Serrina") is a dynamic and seasoned insurance practitioner with 40 years of experiences in the insurance industry (Life/Non-life). Her expertise covers underwriting and claims administration, strategic and business development, sales and multi-channel distribution, partner relationship management, implementation of cross marketing/ upselling initiatives via data mining and deployment of digitalisation of bank sales application/processing tools.</p> <p>She began her professional career in 1980 as a District Manager at QBE Insurance (M) Sdn Bhd, responsible for managing branch operations which comprised of underwriting and claims handling, business development, recruitment of agents and servicing of corporate and retail accounts. Thereafter, she was relocated to the Head Office in Kuala Lumpur and appointed as the Assistant Underwriting Manager. In 1994, Serrina was appointed as Manager of Research &amp; Development at Malaysia Assurance Alliance Bhd. From 1996 to 1998, she assumed the role of Senior Manager – Accident &amp; Health at Perdana Cigna Insurance Bhd.</p> <p>She joined American International Assurance Berhad in 1998 as Vice President Specialty Marketing Division and was redesignated to Vice President, AIG Marketing in 2000. She served as Head of Alternative Distribution at Allianz Life Insurance Malaysia Berhad ("ALIM") from 2001 to 2007 before joining AXA Affin Life Insurance Berhad as Chief Officer – Bancassurance/ Alternative Distribution from 2007 to 2011. She then re-joined AIA Bhd as the Chief Partnership Distribution Officer in 2011 and served until her retirement on 30 September 2021.</p> |
| Shareholding in the Company                              | Nil  |

## Corporate governance disclosures (continued)

### A. Board of Directors (continued)

#### A1. Composition of the Board (continued)

|  |  |
|--|--|
| <b>Giulio Slavich</b>  |  |
| Chief Executive Officer ("CEO") - Non-Independent Executive Director |  |
| Working experience   | Giulio Slavich has over 25 years of international experience in the insurance industry across different roles and geographies. Before joining AMB Group as the Chief Financial Officer ("CFO") of AMB and ALIM on 1 August 2022, Giulio was the Global Head of the Centre of Competence for Life & Health of Allianz SE Group, where he successfully drove the segment to international leadership with the introduction of innovative financial products, stronger protection offerings and capital optimisation transactions. Giulio was previously responsible for the Life segment at Allianz Italy and was in leadership actuarial roles with regional and global scope in Eastern Europe, Germany and Italy. He relinquished his positions as CFO of ALIM and AMB on 31 December 2025 before he assumed his current positions as Chief Executive Officer and Executive Director of ALIM with effect from 1 January 2026. |
| Shareholding in the Company  | Nil  |

During the financial year, the following trainings had been organised internally for the Board of ALIM:

- IFRS S1 and S2 Awareness Training and Implementation
- Cybersecurity and Growing Impact of Artificial Intelligence
- Updates on Personal Data Protection
- Navigating Climate Risk: How Insurance Companies Prepare for it and the Board's Strategic Role
- New Statement on Risk Management and Internal Control Guide 2025

## Corporate governance disclosures (continued)

### A. Board of Directors (continued)

#### A1. Composition of the Board (continued)

In addition, newly appointed Directors of the Company attend the mandatory Financial Institutions Directors' Education Core Programme and in-house orientation programmes organised by the Company.

Save for the above trainings, the Directors also attended external training programmes, conferences and seminars that covered among others, areas of corporate governance, sustainability, risk management, compliance, directors' responsibilities, requirement on finance, accounting and insurance, and relevant industry or regulation updates.

#### A2. Board Meetings

There were 5 Board meetings held during the financial year ended 31 December 2025 and the attendance of the Directors was as follows:

| Name of Directors | No. of Board Meetings Held | No. of Board Meetings Attended |
|-------------------|----------------------------|--------------------------------|
| Goh Ching Yin     | 5                          | 5                              |
| Peter Ho Kok Wai  | 5                          | 5                              |
| Lim Fen Nee       | 5                          | 5                              |
| Foo Chee It       | 5                          | 5                              |
| Ong Eng Chow      | 5                          | 5                              |

#### A3. Board Committees

The following Board Committees are centralised at its immediate holding company, AMB:

- (a) Audit Committee;
- (b) Risk Management Committee; and
- (c) Nomination and Remuneration Committee.

The Board Committees are operating on the terms of reference approved by the Board of AMB and adopted by the Board of the Company, to assist the Board in the execution of its responsibilities.

## Corporate governance disclosures (continued)

### A. Board of Directors (continued)

#### A3. Board Committees (continued)

##### A3.1. Audit Committee ("AC")

The composition of the AC during the financial year and during the period from the end of financial year to the date of this report is as follows:

Dr. Hasnita Binti Dato' Hashim (Chairman - Independent Non-Executive Director of AMB)  
(Appointed as AC member on 1 December 2025 and redesignated as AC Chairman on 1 January 2026)

Peter Ho Kok Wai (Chairman - Independent Non-Executive Director of ALIM and AMB)  
(Redesignated as AC member on 1 January 2026)

Dr. Muhammed Bin Abdul Khalid (Independent Non-Executive Director of Allianz General Insurance Company (Malaysia) Berhad ("AGIC") AGIC and AMB)  
(Appointed as AC member on 1 July 2025)

Goh Ching Yin (Independent Non-Executive Director of ALIM and AMB)  
(Ceased as AC member on 2 January 2026)

Gerard Lim Kim Meng (Independent Non-Executive Director of AMB)  
(Resigned as AC member on 30 June 2025)

There were 5 AC meetings held during the financial year ended 31 December 2025 and the attendance of the AC members were as follows:

| Name of Members                | No. of AC Meetings Held | No. of AC Meetings Attended  |
|--------------------------------|-------------------------|--|
| Dr. Hasnita Binti Dato' Hashim | 5                       | No meeting held after her appointment as AC member on 1 December 2025          |
| Peter Ho Kok Wai               | 5                       | 5  |
| Dr. Muhammed Bin Abdul Khalid  | 5                       | 2 out of 2 meetings held after his appointment as AC member on 1 July 2025     |
| Goh Ching Yin                  | 5                       | 5  |
| Gerard Lim Kim Meng            | 5                       | 0 out of 3 meetings held prior to his resignation as AC member on 30 June 2025 |

## Corporate governance disclosures (continued)

### A. Board of Directors (continued)

#### A3. Board Committees (continued)

##### A3.1. Audit Committee ("AC") (continued)

The AC is charged with the responsibilities of assisting the Board of AMB Group in its oversight, amongst others, as follows:

- support the Board in ensuring that there is a reliable and transparent financial reporting process;
- monitor and evaluate the performance and effectiveness of the external and internal audit functions;
- assess the internal control environment; and
- review and report to the Board of conflict of interest situations and related party transactions.

The detailed terms of reference of the AC is available at the Company's website, [www.allianz.com.my](http://www.allianz.com.my).

##### A3.2. Risk Management Committee ("RMC")

The composition of the RMC during the financial year and during the period from the end of financial year to the date of this report is as follows:

Lim Tuang Ooi (Chairman – Independent Non-Executive Director of AGIC)

Wee Lay Hua (Independent Non-Executive Director of AGIC)

Lim Fen Nee (Independent Non-Executive Director of ALIM)

Foo Chee It (Independent Non-Executive Director of ALIM)

There were 4 RMC meetings held during the financial year ended 31 December 2025 and the attendance of the RMC members were as follows:

| Name of Members | No. of RMC Meetings Held | No. of RMC Meetings Attended |
|-----------------|--------------------------|------------------------------|
| Lim Tuang Ooi   | 4                        | 4                            |
| Wee Lay Hua     | 4                        | 4                            |
| Lim Fen Nee     | 4                        | 4                            |
| Foo Chee It     | 4                        | 4                            |

## Corporate governance disclosures (continued)

### A. Board of Directors (continued)

#### A3. Board Committees (continued)

##### A3.2. Risk Management Committee ("RMC") (continued)

The RMC is responsible for effective risk identification, measurement, monitoring and control of the AMB Group, and oversees the Senior Management's activities in managing the key risk areas of the AMB Group and to ensure that the risk management process is in place and functioning effectively.

The detailed terms of reference of the RMC is available at the Company's website, [www.allianz.com.my](http://www.allianz.com.my).

##### A3.3. Nomination and Remuneration Committee ("NRC")

The composition of the NRC during the financial year and during the period from the end of financial year to the date of this report is as follows:

Wong Kok Leong (Chairman - Independent Non-Executive Director of AMB)  
 Dr. Muhammed Bin Abdul Khalid (Independent Non-Executive Director of AGIC and AMB)  
 Peter Ho Kok Wai (Independent Non-Executive Director of ALIM and AMB)  
 (Appointed as NRC member on 3 January 2026)  
 Goh Ching Yin (Independent Non-Executive Director of ALIM and AMB)  
 (Ceased as NRC member on 2 January 2026)

There were 5 NRC meetings held during the financial year ended 31 December 2025 and the attendance of the NRC members were as follows:

| <b>Name of Members</b>        | <b>No. of NRC Meetings Held</b> | <b>No. of NRC Meetings Attended</b> |
|-------------------------------|---------------------------------|-------------------------------------|
| Wong Kok Leong                | 5                               | 5                                   |
| Goh Ching Yin                 | 5                               | 5                                   |
| Dr. Muhammed Bin Abdul Khalid | 5                               | 5                                   |

## **Corporate governance disclosures (continued)**

### **A. Board of Directors (continued)**

#### **A3. Board Committees (continued)**

##### **A3.3. Nomination and Remuneration Committee ("NRC") (continued)**

The primary objectives of the NRC are:

- (a) to establish a documented formal and transparent procedure for the appointment and removals of Directors, CEOs and other Key Responsible Persons ("KRP(s)") as defined in AMB Group Fit and Proper Policy and Procedure for KRPs;
- (b) to review the performance evaluation of individual Director, the respective Boards (including various committees of the Board), CEOs and other KRPs of AMB Group on an on-going basis;
- (c) to provide formal and transparent procedure for developing a remuneration policy for Directors, CEOs and other KRPs of AMB Group; and
- (d) to ensure that the compensation is competitive and consistent with the culture, objective and strategy of AMB Group.

The detailed terms of reference of the NRC is available at the Company's website, [www.allianz.com.my](http://www.allianz.com.my).

### **B. Internal control framework**

#### **B1. Risk Management Framework**

The Board recognises that a risk management system is an integral part of the Company's operations, in order to identify key risks and implement appropriate controls to manage such risks. The Company has in place a Risk Management Framework Manual ("RMFM") which outlines the guiding principles of the risk management approach, structure, roles, responsibilities, accountabilities, reporting requirements as well as the risk identification, evaluation and monitoring process of the Company. It is designed to formalise the risk management function and practices across the Company and to increase awareness of the Company's employees to risk identification, measurement, control, on-going monitoring and reporting.

## Corporate governance disclosures (continued)

### B. Internal control framework (continued)

#### B1. Risk Management Framework (continued)

The RMFM incorporates the relevant requirements of the guidelines and/or policies issued by BNM and Allianz SE Group.

The system of risk governance is integrated into core management processes and forms part of daily business processes so that value-added contribution in terms of sustainable competitive advantage and improved business performance can be established. Various governance elements are in place, including organisational structure, risk strategy, written policies, authority limits, documentation, and reporting, to ensure accurate and timely flow of risk-related information and a disciplined approach towards decision making and execution.

The Company also adopts the three lines of defence model where the “first line of defence” rests with the business managers. They are responsible in the first instance for both the risks and returns of their decisions.

The “second line of defence” is made up of the oversight functions comprising Compliance and Risk Management, that are independent from business operations.

- The Compliance function assists the respective Boards and Senior Management of the Company in managing and mitigating compliance-related risks due to any non-compliance to the requirements of the law, regulations as well as regulatory and industry guidelines.
- The Risk Management function assists the Boards and Senior Management of the Company to achieve its strategic goals and objectives by implementing risk management activities and controls across the organisation.

Both the Compliance and Risk Management functions report to the RMC, which assists the Boards of the Company to discharge its oversight function effectively. As part of their responsibilities, the Compliance and Risk Management functions advise the respective Boards and Senior Management of the Company on compliance, risk and regulatory matters; and promote risk and compliance awareness amongst the Company’s employees through trainings and workshops.

## **Corporate governance disclosures (continued)**

### **B. Internal control framework (continued)**

#### **B1. Risk Management Framework (continued)**

In addition to the above oversight functions, Legal and Actuarial functions of the Company constitute additional components of the “second line of defence”. An appropriate control framework has been established to avoid any potential conflict of interest to fulfil their roles as the second line of defence.

- The Legal function seeks to mitigate legal risks arising from legislative changes, major litigation and disputes, regulatory proceedings and unclear contractual terms.
- The Actuarial function contributes towards assessing and managing risks in line with regulatory requirements and reports to the Boards and Senior Management of the Company. Its scope of work includes coordination and calculation of technical reserves, providing oversight on product pricing and profitability and contribution to the effective implementation of the risk management system.

The Governance and Control Committee (“GovCC”) supports the Management to fulfil its responsibilities with respect to regulatory governance, organisational and control requirements. The GovCC also provides a platform for structured and institutionalised interaction and collaboration on cross functional and control related topics to facilitate a consistent approach in terms of processes, methodologies, assessments, materiality and others. GovCC members consist of senior management from governance and operation functions. The GovCC reports to the Senior Management Committees on governance and internal control system related matters.

## Corporate governance disclosures (continued)

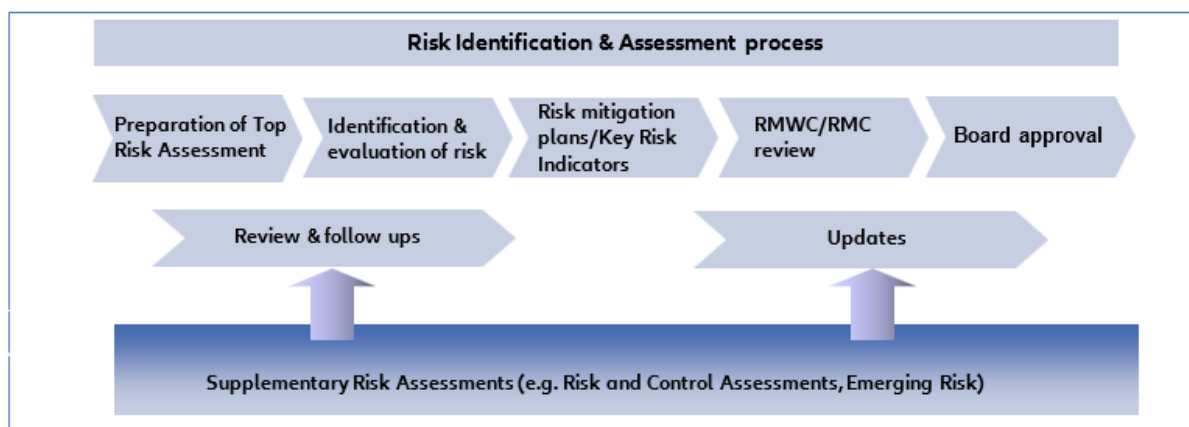
### B. Internal control framework (continued)

#### B1. Risk Management Framework (continued)

##### Risk Management Process

Risk management is integrated into the daily process of managing and directing the business. These include the implementation of a limit system, various frameworks, manuals and policies.

Besides the embedded process, the following risk management cycle to identify, assess, mitigate, monitor and report will also be carried out by the Risk Management function together with the respective risk owners:



##### (i) Top Risk Assessment ("TRA")

The TRA process is in place to periodically analyse all material quantifiable and non-quantifiable risks. These can be from specific risk categories including market, credit, underwriting, business, operational, liquidity, reputational and strategic risks; or can be transversal risks such as concentration risks, emerging risks and Environmental, Social & Governance ("ESG") risks.

The Company identifies and remediates significant threats to financial results, operational viability or the delivery of key strategic objectives using the approved TRA matrix. The identified top risks are assessed quarterly by the assigned risk owners; and the same is reviewed by the Risk Management Working Committee ("RMWC") and the RMC and approved by the Board. Key risk indicators are also in place to monitor changes in risk exposure or control effectiveness for the top risks on a quarterly basis. Broadly, the top risks impact one or more of the categories below:

## Corporate governance disclosures (continued)

### B. Internal control framework (continued)

#### B1. Risk Management Framework (continued)

##### Risk Management Process (continued)

##### (i) Top Risk Assessment ("TRA") (continued)

| Key risks | Broad Definition  | Risk Management Practices  |
|-----------|---|--|
| Market    | Risk related to changes in fair values of investment portfolios and liabilities, arising due to changes in parameters influencing market prices. These include changes in equity prices, interest rates, real estate prices, exchange rates, credit spreads and implied volatilities. | <ul style="list-style-type: none"> <li>• Defined asset allocation benchmarks, investment limits and risk appetites; with continuous monitoring of exposure.</li> <li>• Asset liability management strategy.</li> <li>• Maintain sufficient capital and liquidity buffers.</li> </ul> |
| Credit    | Risk of losses due to deterioration in the credit quality of counterparties or their failure to fulfil contractual obligations.   | <ul style="list-style-type: none"> <li>• Credit analyses on new and existing counterparties.</li> <li>• Defined counterparty limits to ensure the diversification of investment portfolio.</li> <li>• Prioritise reinsurance partners with strong credit profiles.</li> </ul>        |

## Corporate governance disclosures (continued)

### B. Internal control framework (continued)

#### B1. Risk Management Framework (continued)

##### Risk Management Process (continued)

##### (i) Top Risk Assessment ("TRA") (continued)

| Key risks              | Broad Definition  | Risk Management Practices  |
|------------------------|---|--|
| Underwriting           | Risk related to inadequacy of premiums and/or reserves, unexpected large losses or catastrophes, as well as adverse developments in mortality, disability, morbidity and longevity rates for life insurance business. | <ul style="list-style-type: none"> <li>• Comprehensive underwriting guidelines and system rules in place.</li> <li>• Regular monitoring of products and review of assumptions; re-pricing will be considered if necessary.</li> <li>• Reinsurance program in place and reviewed annually to ensure adequate cover within acceptable appetite and costs.</li> <li>• New products undergo a robust product development process.</li> <li>• Claims control measures to prevent leakages.</li> </ul> |
| Strategic and Business | Risk arising from management decisions on business strategies and implementation. This also leads to the risk of lower than expected business growth without a corresponding decrease in expenses.                    | <ul style="list-style-type: none"> <li>• Regular monitoring of actual vs plan.</li> <li>• Annual strategic and planning dialogues.</li> <li>• Regular management committee meetings.</li> <li>• Stress testing of business plan.</li> </ul>  |

## Corporate governance disclosures (continued)

### B. Internal control framework (continued)

#### B1. Risk Management Framework (continued)

##### Risk Management Process (continued)

##### (i) Top Risk Assessment ("TRA") (continued)

| Key risks                             | Broad Definition   | Risk Management Practices  |
|---------------------------------------|--|--|
| Operational –<br>Regulatory Change    | Risk arising from failure to implement changes to keep up with evolving regulatory expectations.   | <ul style="list-style-type: none"> <li>• Continuous awareness trainings to all staff on relevant topics.</li> <li>• New/revised requirements communicated to relevant functions and gap analysis is performed to identify action plans where necessary.</li> <li>• Regular reviews are conducted to ensure compliance.</li> <li>• Maintain ongoing engagements with regulators.</li> </ul>   |
| Operational –<br>Information Security | Risk of information security breach triggered by both information technology ("IT") and non-IT causes leading to loss of data confidentiality, loss of data integrity, as well as business disruption and loss of availability of services resulting in financial and reputational impact. | <ul style="list-style-type: none"> <li>• Staff awareness trainings and campaigns on IT Security and Privacy.</li> <li>• Defined procedures for handling data.</li> <li>• Infrastructure and technologies to monitor and protect against cyber threats.</li> <li>• Identity &amp; Access Management.</li> <li>• Effective patch and vulnerabilities management e.g. Red team/ Blue team.</li> <li>• Regular penetration testing.</li> <li>• Privacy Impact Assessment.</li> </ul> |

## Corporate governance disclosures (continued)

### B. Internal control framework (continued)

#### B1. Risk Management Framework (continued)

##### Risk Management Process (continued)

##### (ii) Operational Risk Management ("ORM")

ORM is a continuous process which includes risk identification, measurement, quantification, management and monitoring to mitigate operational losses resulting from inadequate or failed internal processes, human errors, system failures, or from external events.

ORM covers a combination of the following activities:

- The Non-Financial Risk Management ("NFRM") framework defines a system for managing Non-Financial Risks by establishing a standard set of risk vectors, facilitating the implementation of controls via a control catalogue, and ensuring robust testing of key controls using a systematic risk-based approach.
- Analysis of actual loss events reported into the Loss Event database.
- Periodic audits by the Internal Audit function and reviews by second line functions.
- Monitoring of key risk indicators and feedback from subject matter experts (for example IT Security Officer, Data Privacy Officer, Business Continuity Management Officers, Anti-Fraud and Anti-Corruption Coordinators, as well as respective operation managers).

##### (iii) Reputational Risk Management

All activities within the Company can influence its reputation, which is determined by the perceptions and beliefs of its stakeholders. Hence, thorough management of any potential reputational risks is required. Any risks that might have significant impact on all operating entities within the Allianz SE Group will be escalated to Allianz SE via the Communication team at Allianz Asia Pacific.

Reputational risks form part of the assessment of top risks under the TRA process as well as under the NFRM framework. Hence, it is managed in line with the mitigation actions taken for relevant risks with reputational impact. In addition, the Company has adopted Allianz SE Group's Allianz Standards for Communications and the Allianz Standard for Integration of Sustainability ("ASIS") which establishes a core set of principles and processes for the management of non-ESG and ESG reputational risks within the Company. The Company's Corporate Communications function also actively manages the reputational risk by assessing any potential risk arising from media and social media.

## Corporate governance disclosures (continued)

### B. Internal control framework (continued)

#### B1. Risk Management Framework (continued)

##### Risk Management Process (continued)

##### (iv) Liquidity Risk Management

Liquidity risk refers to the potential inability to meet current or future payment obligations, often due to mismatches in the timing of cash inflows and outflows or adverse events. To mitigate this risk, the Company has established limits on minimum liquid assets which are closely monitored. Asset liability management is in place and various potential events leading to liquidity shortages have been identified. Additionally, stress testing is conducted to assess the liquidity intensity ratio against defined thresholds.

##### (v) Sustainability Risk Management

ESG events or conditions, including climate change, are those which, if they occur, may potentially have significant negative impacts on the balance sheet, profitability or reputation of the Company and/or Allianz SE. Sustainability-related risks may materialise within multiple risk categories. For example, physical and transition risks arising from climate change impacts underwriting, market, and credit risks.

Sustainability-related mitigation measures may vary, depending on the precise nature of the underlying risk. Given that all adverse impacts attributable to ESG factors are ultimately realised within one of the existing risk categories (e.g. market, underwriting, operational etc.), the Management aim as much as possible to embed the identification and management of these risks within existing processes. As mentioned above, the ASIS guides management of ESG reputational risk.

Sustainability related matters are discussed at both the Sustainability Committee and RMWC. The Sustainability Committee, comprising top management, reports to the Boards of the Company and is tasked with driving sustainability initiatives, including those related to climate change, as part of overall business considerations. Meanwhile, the RMWC focuses on the risk management aspect of climate change, and the Chief Risk Officer provide update to the RMC.

## Corporate governance disclosures (continued)

### B. Internal control framework (continued)

#### B1. Risk Management Framework (continued)

##### Risk Capital Management

As the Company's main business is insurance, the following processes to manage capital is part of the Company's risk management framework:

(i) Internal Capital Adequacy Assessment Process ("ICAAP")

ICAAP is a process through which the Company ensure it has adequate capital to meet its solvency requirements, taking into consideration of its own risk profile and risk appetite. A formal assessment is conducted at least annually, and the results are reported to the Boards of the Company.

The review of the ICAAP coincides with the annual planning process and any changes in the strategic direction and business plans of the Company will be updated in its Risk Strategy; and the latest business plans are also taken into account when computing the Individual Target Capital Level ("ITCL") of the Company.

The ITCL is validated by stress testing to ensure that it remains above the Supervisory Target Capital Level imposed by the regulator even after the occurrence of a severe plausible event, demonstrating a focus on balance sheet strength and protection of shareholders' value. A Capital Management Plan ("CMP") has been developed with identified action plans and available sources of capital in case pre-determined solvency thresholds were triggered; ensuring the capital adequacy ratio is restored above the internal soft threshold level.

(ii) Stress and Sensitivity Testing

Stress and sensitivity tests are effective risk management tools and the Company conducts such tests regularly. The tests are designed based on the Company solvency position and key risk drivers. The results of the tests will be used in various ways, for example to determine the extent of capital affected by the threats arising from adverse events and the actions required to mitigate such threats.

The Boards and Management of the Company are updated on the results and provide their feedback on the outcomes, as well as the appropriateness of the methodology and assumptions adopted.

## **Corporate governance disclosures (continued)**

### **B. Internal control framework (continued)**

#### **B2. Internal Audit**

The Internal Audit function of the Company, which reports to the AC, undertakes independent reviews or assessments of the Company's operations and its system of internal controls. It provides monitoring of the controls and risk management procedures as well as highlights significant risks impacting the Company. The internal audit personnel form the "third line of defence", are independent from the day-to-day activities of the Company and have unrestricted access to all activities conducted by the Company.

Internal Audit Plan is developed based on annual risk assessment and approved by the AC. The audit scope covers auditable areas encompassing across the organization such as finance functions (accounting, financial closing, regulatory reporting, tax processes, accounts receivables), sales functions (direct sales and broker management), underwriting, claims performance and provider management, reinsurance, human resources, input management, processing and archiving. In addition, the audit will review various IT systems/processes and regulatory compliance audit in areas such as replacement of policy.

Internal audit findings are discussed at the management level. Senior and functional line management are responsible for ensuring that management action plans are implemented in accordance with the internal audit recommendations. All internal audit reports are submitted to the AC, which deliberates on key audit findings and the corresponding management actions during the AC meetings.

Follow-up audits are also performed to monitor ongoing compliance and the internal auditors provide updates to the AC on the progress of the management action plans as well as progress of the Internal Audit plan during the AC Meetings.

## **Corporate governance disclosures (continued)**

### **B. Internal control framework (continued)**

#### **B3. Other Key Internal Control Process**

The other key processes that the Board has established to provide effective internal control include:

##### **Clear and Defined Organisational Structure**

The Company has established an organisational structure with clearly defined lines of responsibility, authority limits and accountability aligned to its business and operation requirements and control environment. Relevant Board Committees with specific responsibilities delegated by the Board are established to provide oversight governance over the Company's activities. The Board Committees for the Company are centralised at AMB Board level. The Board Committees have the authority to examine matters under their terms of reference and report to the Boards of the Company with their observations and/or recommendations. Although specific authority is delegated to the Board Committees, the ultimate responsibility for final decisions on all matters rests with the Boards of the Company.

Various Management Committees are established by the Management of the Company to assist in managing the day-to-day operations and ensure its effectiveness. The Management Committees formulate tactical plans and business strategies, monitor performance and ensure activities are carried out in accordance with corporate objectives, strategies, business plans and policies as approved by the Boards of the Company.

##### **Management Authority Limit**

The Board's approving authority is delegated to the Management through formal and defined operational authority limits that governs business procedures and decision-making process in the Company. The operational authority limits incorporate segregation of duties and check and balance in delegation of authority.

The Management's authority limits include limits for underwriting of risks, claims settlement, reinsurance, operational and capital expenditures. These limits are regularly reviewed and updated to ensure their relevance to the Company's operations. They are documented and accessible to all staff through the Group's staff e-portal.

## **Corporate governance disclosures (continued)**

### **B. Internal control framework (continued)**

#### **B3. Other Key Internal Control Process (continued)**

##### **Management Authority Limit (continued)**

In ensuring that the decision-making process is transparent and to the best interest of the Company, all Directors and staff including the Chief Executive Officer are required to declare their interest in other entities on an annual basis. In addition, they are required to disclose to the Company, any circumstance that may give rise to a conflict of interest situation during the course of carrying out their duties.

##### **Policies and Procedures**

Clear, formalised and documented internal policies and procedures are in place to ensure continued compliance with internal controls and relevant rules and regulations imposed by the relevant authorities.

These policies and procedures are subject to regular review and improvement to address changing risks and enhance processes, as and when required. They are also accessible to staff through the Group's staff e-portal for easy access.

##### **Annual Business Plan and Performance Review**

Annual business plans are submitted to the Boards of the Company for approval. Financial condition and business performance reports are also submitted to the Boards of the Company for review during the Board meetings. These reports cover all key operational areas and provide a sound basis for the Boards of the Company to assess the financial performance of the Company and to identify potential problems or risks faced by the Company, thus enabling the respective Boards of the Company to effectively monitor on an on-going basis, the affairs of the Company.

## **Corporate governance disclosures (continued)**

### **B. Internal control framework (continued)**

#### **B3. Other Key Internal Control Process (continued)**

##### **Related Party Transactions**

The Company has established the necessary controls and procedures to ensure compliance with the relevant regulatory requirements in respect of related party transaction. Necessary disclosures are made to the Boards of the Company and where required, prior approval of the Chief Executive Officer or Boards of the Company is obtained in accordance with the levels of authority prior to execution of the transactions.

A due diligence working group was formed to review the related party transactions and submit its recommendations to the Chief Executive Officer, AC and the respective Boards of the Company for approval in accordance with the internal authority limits approved by the Board.

The AC also reviews the related party transaction review procedures on an annual basis to ensure that the procedures and processes are sufficient and adequate to monitor, track and identify related party transactions including recurrent transactions in a timely and orderly manner.

##### **Underwriting and Reinsurance**

The Company employ high standards in their respective underwriting process. This includes among others, risk segmentation and selection, setting adequate pricing and terms and conditions, setting of right retention limit and adequate reinsurance protection.

Underwriting authority is controlled centrally at the Head Office level. Reinsurance is in place primarily to ensure that no single loss or aggregation of losses arising from a single event will have an adverse financial impact on the Company. Reinsurers selection is guided by the guidelines issued by the regulator and the Allianz SE Group. Reinsurance needs are reviewed annually in respect of reinsurance treaties and on case to case basis on facultative arrangements.

## **Corporate governance disclosures (continued)**

### **B. Internal control framework (continued)**

#### **B3. Other Key Internal Control Process (continued)**

##### **Financial Control Procedures**

Financial control procedures are in place and are documented in the procedural workflows of each business unit. These workflows are subject to regular review and improvement to address changing risks and enhance process as and when required.

##### **Investment**

The Investment Committee of the Company is responsible for setting investment policies, objectives, guidelines and controls governing the Investment Department. The Investment Department, in turn, is responsible for managing the Company's investment functions within the approved parameters.

The Company has in place the Group Investment Manual which sets out the detailed investment procedures and controls, including an Investment Code of Ethics to ensure the fiduciary duties to policyholders and the Company's interests are always upheld.

The investment limits are set at various levels which are on top of and more stringent than the regulatory limits as prescribed by BNM. The investment levels are monitored regularly to ensure compliance with both internal investment limits and those specified in the Risk Based Capital Framework for Insurers and the Investment-linked Business Policy Document issued by BNM.

The investment performance reports are amongst the reports submitted to the Investment Committee and the respective Boards of the Company for review at their quarterly meetings.

## **Corporate governance disclosures (continued)**

### **B. Internal control framework (continued)**

#### **B3. Other Key Internal Control Process (continued)**

##### **Code of Conduct (“COC”)**

Every employee is required to attest on an annual basis that they understand and comply with the Allianz SE Group’s COC. The COC among others, is essential in promoting ethical conduct within the Company and reflects the Company’s values and principles, and provides guidance to employees in their actions and decisions. Each employee has a responsibility to live by the principles contained in the COC, i.e. to:

- (i) Treat each other fairly and respectfully;
- (ii) Act with integrity;
- (iii) Be transparent and tell the truth; and
- (iv) Take ownership and responsibility.

##### **Anti-Money Laundering/Counter Financing of Terrorism (“AML/CFT”) and Targeted Financial Sanctions (“TFS”)**

The Company has in place internal policies and procedures relating to AML/CFT and TFS to prevent and detect money laundering and terrorism financing activities. These include customer due diligence, screening against sanctions list and suspicious transaction reporting to the Compliance function whereas customer profiling, due diligence and on-going transactions monitoring procedures are in place. In respect of education, staff and agents are trained on AML/CFT requirements to promote understanding of their fundamental responsibilities in adhering to the procedures of verifying customers’ identities and reporting of suspicious transactions.

##### **Product Development**

The Company have each in place a Product Development Management Policy (“PDM Policy”) which sets out the policies and procedures on product development in accordance with the requirements of the Guideline on Introduction of New Products by Insurers and Takaful Operators (BNM/RH/STD 029-10) issued by BNM.

## **Corporate governance disclosures (continued)**

### **B. Internal control framework (continued)**

#### **B3. Other Key Internal Control Process (continued)**

##### **Product Development (continued)**

The PDM Policy aims to promote sound risk management practices in managing and controlling product risk by ensuring the appropriate assessment and mitigation of risk during the development and marketing stages. The PDM Policy will also assist to ensure that the products developed and marketed by the Company are appropriate to the needs, resources and financial capability of the targeted consumer segments.

The on-going product risk management is embedded within the risk management framework of the Company.

##### **Whistleblowing and Anti-Fraud**

The oversight of whistleblowing and fraud matters of the Company is performed by the Integrity Committee ("InC"). The InC coordinates all activities concerning prevention and detection of fraud and handling of whistleblowing incidents.

The Company has in place the Group's Anti-Fraud Policy and Group's Whistleblowing Policies and Procedures ("WBP Policy") to address fraud and whistleblowing issues respectively. The Anti-Fraud Policy defines fraud events, investigation process, reporting procedures, fraud risk assessments, training and the roles and responsibilities of Management and employees. The WBP Policy on the other hand, describes the Company's Speak-Up Policy, avenues for filing a concern and handling of whistleblowing incidents.

In respect of whistleblowing, the Company has established a whistleblowing mechanism to enable anonymous and non-anonymous reporting of any breaches of the COC, laws, regulations, orders or internal rules. Whistleblowing cases are assessed confidentially by the InC to determine their validity, with findings and recommendations reported to the AC.

## Corporate governance disclosures (continued)

### B. Internal control framework (continued)

#### B3. Other Key Internal Control Process (continued)

##### Anti-Corruption

The Company has adopted a localised Anti-Corruption Policy that outlines the guiding principles of Allianz SE, Malaysian Anti-Corruption Commission Act 2009 and Listing Requirements. The Anti-Corruption Policy outlines the Company's existing controls and behavioural guidelines on the risk areas of dealing with government officials, business courtesies, hiring of representatives, political contributions, charitable contributions, joint ventures, outsourcing agreements and facilitation payments.

Corruption risk is being assessed annually and the effectiveness of the policies and procedures are reviewed periodically at least once in every three years.

The Vendor Integrity Screening process is part of Allianz SE Group's Anti-Corruption Programme, aims at ensuring that integrity-based due diligence is conducted before engaging any third-party vendor. The screening includes a self-assessment section, which among others, contains questions on anti-corruption to be answered by the potential vendor and a risk evaluation to be completed by the relevant staff/department in charge. Only vendors whose screening result show no negative findings will be engaged.

##### Employees

All staff are required to make an annual declaration that they fulfilled the minimum criteria of "A Fit and Proper Person" as prescribed in Sections 59(1), (2) and (3) of the Financial Services Act, 2013. In addition, all staff are required to attest that they understand and comply with the requirements of the internal guidelines and policies, inter-alia, as follows:

- (i) Related Party Transaction Declaration;
- (ii) Disclosure of Data;
- (iii) Conflict of Interest;
- (iv) COC;
- (v) IT Security Policy and Guideline e-Awareness Declaration;
- (vi) Anti-Corruption Policy;
- (vii) Anti-Fraud Awareness Declaration; and
- (viii) Guidelines on the Code of Conduct for the General Insurance Industry and Code of Ethics and Conducts for the Life Insurance Industry.

## **Corporate governance disclosures (continued)**

### **B. Internal control framework (continued)**

#### **B3. Other Key Internal Control Process (continued)**

##### **Standard for Customer Protection**

The Allianz Standard for Customer Protection establishes the principles and standards that the Company must adhere to in its interactions with customers. This Standard emphasises a risk-based, pre-emptive and proactive approach to business conduct that is effective and efficient, aiming to mitigate and manage customer detriment issues at an early stage rather than responding after issues have emerged.

In addition, the Standard defines the core professional, procedural and organisational requirements aimed at ensuring that the design, distribution and servicing of products in a manner that fulfils legal requirements and meets reasonable customer expectations for value and outcomes.

##### **Agent Sales Disciplinary Policy**

As part of the efforts to enhance uniformity in disciplining the agency force, the Company has formalised a Sales Disciplinary Policy. These policies outlines the definitions of various types of offences and misconduct and the associated recommended disciplinary actions.

##### **Business Continuity Management**

A Business Continuity Plan for the Company has been developed to ensure that any interrupted critical functions can be recovered and restored within a predetermined timeframe following a disastrous event.

The testing for Business Continuity Plan and Disaster Recovery Plan for all main application systems is conducted on an annual basis.

##### **Crisis Management**

Crisis Management Plans for the Company have been developed to outline the processes and procedures that guide crisis handling and manage any incidents with crisis potential. These plans help mitigate the impact of a crisis and prevent incidents with crisis potential from escalating into a crisis. They are supplemented by Crisis Scenario Plans which detail the crisis handling procedures for specific scenarios.

## Corporate governance disclosures (continued)

### B. Internal control framework (continued)

#### B3. Other Key Internal Control Process (continued)

##### Information System

All employees are required to strictly abide to and comply with the Company Information Technology and Information Security Policy and Standard which establishes core principles, responsibilities, tasks and organisational framework for IT and Information Security, in order to facilitate the fulfilment of internal and regulatory requirements.

Following the issuance of Risk Management in Technology Policy Document (“RMiT Policy”) by BNM, the Company are committed to ensuring continued compliance with the requirements prescribed under the RMiT Policy. Accordingly, the Company has implemented two frameworks, namely the Technology Risk Management Framework and Cyber Resilience Framework. The Technology Risk Management Framework formalises the technology risk management approach across the Company, and the Cyber Resilience Framework provides guidance on situational awareness of the cyber threats it may be exposed to.

IT services for the Company are managed by Allianz Technology Sdn. Bhd. (“AZTMY”), a related company and subsidiary of Allianz SE. All IT services/capabilities of application, infrastructure and security maintenance of the Company are consolidated at AZTMY. AZTMY is the Regional Delivery Centre for Asia, served as a central IT supply centre servicing all operating entities across Allianz Asia Pacific Region. AZTMY is subject to the same standards imposed by Allianz SE Group including but not limited to Outsourcing, business continuity management, Information Security; while the Company will continue to be responsible to ensure that AZTMY meets all relevant local regulatory requirements in relation to the IT services.

The arrangement is governed contractually by the IT Supply Outsourcing Agreement; in addition, for all future new procurement of software and/or hardware, the Company will continue to hold the authority to approve any architectural changes, new investment/engagement. To facilitate the above, an operative governance process is defined between the Company and AZTMY to continuously assess, discuss and monitor the deliverables as agreed in the Service Level Agreement.

## **Corporate governance disclosures (continued)**

### **B. Internal control framework (continued)**

#### **B3. Other Key Internal Control Process (continued)**

##### **Information System (continued)**

The IT & Digital Steering Committees (“ITDSC”) within the Company, chaired by the respective Chief Executive Officer of the Company, is responsible for the overall strategic deployment of IT and digital assets in tandem with the business objectives. It oversees all IT related matters and serves as the sole IT decision-making body. Other duties and responsibilities of ITDSC include, establishing effective IT and digital plans, formulation and implementation of technology risks management program, recommending to the RMC and Boards (whichever applicable) for approval on IT-related expenditure above the internal authority limits approved by the Board, material deviation from technology-related policies and matters related to Internet Insurance, as well as monitoring the progress of approved IT and digital programs/projects.

##### **Data Management Framework**

The Company Data Management Framework (“DMF”) has been in place to establish and maintain a sound data and information management system framework. The objective of the DMF is to manage data and disseminate information effectively, efficiently and to maximise the value of data assets. In addition, the DMF aims to ensure the integrity of data assets by preventing unauthorised or inappropriate use of data and information.

##### **Data Privacy**

The Allianz Privacy Standard (“APS”) contains the global minimum requirements applicable within the Allianz SE Group for the processing and transfer of personal data within the Allianz SE Group. The APS takes into account the requirements of the European Union privacy law, the General Data Protection Regulation to facilitate cross-border transfers of personal data originating from or processed in the European Economic Area within the Allianz SE Group. Under the APS, there are functional rules specifying data privacy and protection requirements, which include conducting Privacy Impact Assessment to record processing activities that involve handling of personal data and to comply with the Personal Data Breach Incident Workflow. Compliance with the APS adopted by the Company ensures compliance with the Malaysian Personal Data Protection Act 2010 and is in line with the Code of Practice on Personal Data Protection for Insurance and Takaful in Malaysia.

## **Corporate governance disclosures (continued)**

### **B. Internal control framework (continued)**

#### **B3. Other Key Internal Control Process (continued)**

##### **Human Resources Policies and Procedures**

The Company has established comprehensive policies and procedures on human resource management, including recruitment, learning and development, talent development, performance management and employee benefits. These policies and procedures are reviewed as and when the need arises and any changes are communicated to relevant employees via email. The policies and procedures are also accessible to staff through the Group's staff e-portal for easy access.

### **C. Remuneration**

The remuneration policy and practices of the Company ("Policy") are established, implemented and maintained in line with the Company's business and risk management strategy, its risk profile, objectives, risk management practices and the long-term interests and performance. This Policy forms a key component of the governance and incentive structure through which the Board and Senior Management drive performance, convey acceptable risk taking behaviour and reinforce the Company's corporate and risk culture.

The remuneration components of employees are fixed and variable compensation. Base salary is the fixed remuneration component and rewards the role and responsibilities taking account of market conditions and providing for a stable source of income. The fixed component is dependent on position responsibility as well as the experience and qualification of incumbent.

Variable Compensation components aim to reward performance and shall not provide incentives for risks which might be incompatible with the risk profile of the Company, including risk limits. Therefore, Variable Compensation components may not be paid, or payment may be restricted in the case of a breach of risk limits or a compliance breach.

The volume and relative weighting of the variable component shall depend on the level of seniority and the position. Variable components typically consist of annual bonus (short-term incentive) and mid-/long-term incentives.

Variable Compensation is determined by a combination of assessment of the individual's performance and his business unit as well as overall performance of the Company.

## Corporate governance disclosures (continued)

### C. Remuneration (continued)

The Company measures performance in an annual process which includes the key steps of agreed priorities, regular feedback, and a mid-year and year-end performance assessment. Personal priorities or targets are agreed for each evaluated employee and reflects financial and non-financial ambitions. The assessment of individual performance is holistic in nature and considers relativity against peers.

The remuneration of KRPs of the Company is not only determined by performance against business objectives but include other factors such as prudent risk-taking and actions affecting the long-term interests of the Company. Remuneration of KRPs is adjusted each year to account for all types of risk and breaches, determined by both quantitative measures and qualitative judgement.

Employees in control functions are measured on the achievement of control function objectives which determine their remuneration. Similar to all employees, actual payout is subject to overall size of bonus pool.

A portion of the Variable Compensation for CEO and KRPs contains a deferred component. The deferral period shall be aligned with the nature of the business, its risks, and the activities of the incumbent in question, and adopt a multi-year framework to reflect the time horizon of risks.

### Ultimate holding company

The ultimate holding company is Allianz SE, a public listed company incorporated and domiciled in Germany.

### Penultimate holding company

The penultimate holding company is Allianz Europe B.V., a private limited liability company incorporated and domiciled in Netherlands.

### Antepenultimate holding company

The antepenultimate holding company is Allianz Asia Holding Pte. Ltd., a private limited company incorporated and domiciled in Singapore.

### Immediate holding company

The immediate holding company is AMB, a public limited company incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

## Auditors

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) have expressed their willingness to accept re-appointment as auditors.

The details of the auditors' remuneration for the financial year are as follows:

|                          | <b>2025</b>   |
|--------------------------|---------------|
|                          | <b>RM'000</b> |
| Statutory audit fees     | 752           |
| Other audit related fees | 129           |
|                          | <hr/>         |
|                          | <b>881</b>    |
|                          | <hr/> <hr/>   |

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....  
**Peter Ho Kok Wai**  
Director

.....  
**Giulio Slavich**  
Director

Kuala Lumpur  
Date: 27 February 2026

## Statement of financial position as at 31 December 2025

|   | Note | 31 December<br>2025<br>RM'000 | 31 December<br>2024<br>RM'000 |
|---|------|-------------------------------|-------------------------------|
| <b>Assets</b>   |      |                               |                               |
| Property, plant and equipment                             | 3    | 30,223                        | 36,341                        |
| Right-of-use assets                                       | 4    | 18,218                        | 19,232                        |
| Intangible assets   | 5    | 97,136                        | 86,870                        |
| Investments   | 6    | 19,723,589                    | 18,687,719                    |
| - Fair value through profit or loss                       |      | 11,092,712                    | 10,272,688                    |
| - Fair value through other comprehensive income           |      | 8,630,877                     | 8,415,031                     |
| Derivative financial assets                               | 7    | 14,662                        | 13,084                        |
| Reinsurance contract assets                               | 13   | 64,643                        | -                             |
| Other assets  | 8    | 64,158                        | 60,121                        |
| Cash and cash equivalents                                 |      | 1,090,158                     | 1,256,854                     |
| <b>Total assets</b>                                       |      | <b>21,102,787</b>             | <b>20,160,221</b>             |
| <b>Equity, policyholders' funds and liabilities</b>       |      |                               |                               |
| Share capital   | 9    | 236,600                       | 236,600                       |
| Other reserves  | 10   | 75,222                        | 38,215                        |
| Retained earnings   | 10   | 2,674,235                     | 2,413,884                     |
| <b>Total equity</b>                                       |      | <b>2,986,057</b>              | <b>2,688,699</b>              |
| <b>Liabilities</b>  |      |                               |                               |
| Deferred tax liabilities                                  | 11   | 538,450                       | 578,037                       |
| Insurance contract liabilities                            | 12   | 16,991,916                    | 16,376,783                    |
| Reinsurance contract liabilities                          | 13   | 205,869                       | 132,181                       |
| Derivative financial liabilities                          | 7    | -                             | 3,107                         |
| Lease liabilities   | 14   | 5,638                         | 6,736                         |
| Other liabilities   | 15   | 369,035                       | 357,094                       |
| Current tax liabilities                                   |      | 5,822                         | 17,584                        |
| <b>Total liabilities</b>                                  |      | <b>18,116,730</b>             | <b>17,471,522</b>             |
| <b>Total equity, policyholders' funds and liabilities</b> |      | <b>21,102,787</b>             | <b>20,160,221</b>             |

The accompanying notes form an integral part of these financial statements.

## Statement of profit or loss for the year ended 31 December 2025

|  | Note | 2025<br>RM'000   | 2024<br>RM'000     |
|--|------|------------------|--------------------|
| Insurance revenue  | 16   | 2,657,170        | 2,432,478          |
| Insurance service expenses   | 17   | (2,170,297)      | (1,986,673)        |
| Net expense from reinsurance contracts held  | 18   | (34,833)         | (51,701)           |
| <b>Insurance service result</b>  |      | <u>452,040</u>   | <u>394,104</u>     |
| Interest revenue on financial assets not measured at fair value through profit or loss ("FVTPL")   | 19   | 321,815          | 320,921            |
| Net gains on investments in debt securities measured at fair value through other comprehensive income ("FVOCI") reclassified to profit or loss on disposal | 19   | 2,162            | 3,377              |
| Net gains on FVTPL investments   | 19   | 313,487          | 855,532            |
| Dividend income  | 19   | 132,501          | 141,390            |
| Net impairment gains on financial assets   | 19   | 132              | 157                |
| <b>Net investment income</b>   |      | <u>770,097</u>   | <u>1,321,377</u>   |
| Finance expenses from insurance contracts issued   | 19   | (585,852)        | (1,114,658)        |
| Finance income from reinsurance contracts held   | 19   | 1,366            | 1,027              |
| <b>Net insurance finance expenses</b>  |      | <u>(584,486)</u> | <u>(1,113,631)</u> |
| <b>Net insurance and investment results</b>  |      | 637,651          | 601,850            |
| Other operating income   |      | 70               | 66                 |
| Other operating expenses   | 20   | (91,558)         | (132,051)          |
| Other finance expenses   |      | (311)            | (367)              |
|  |      | <u>(91,799)</u>  | <u>(132,352)</u>   |
| <b>Profit before tax</b>   |      | 545,852          | 469,498            |
| Income tax expense   | 21   | (54,579)         | (101,603)          |
| <b>Profit for the year</b>   |      | <u>491,273</u>   | <u>367,895</u>     |

The accompanying notes form an integral part of these financial statements.

**Statement of profit or loss and other comprehensive income for the year ended 31 December 2025**

|   | Note | 2025<br>RM'000 | 2024<br>RM'000 |
|---|------|----------------|----------------|
| <b>Profit for the year</b>  |      | 491,273        | 367,895        |
| <b>Other comprehensive income/(expense), net of tax:</b>                            |      |                |                |
| <b>Items that may be reclassified subsequently to profit or loss:</b>               |      |                |                |
| Net gains on investments in debt securities measured at FVOCI                       |      | 104,922        | 14,405         |
| Net realised gains transferred to profit or loss                                    | 19   | (2,162)        | (3,377)        |
| Tax effects thereon   |      | (8,591)        | (909)          |
| Fair value gains on cash flow hedge   |      | 6,811          | 1,568          |
| Tax effects thereon   |      | (545)          | (125)          |
| Finance expense from insurance contract issued                                      | 19   | (69,379)       | (74,656)       |
| Tax effects thereon   |      | 9,037          | 6,617          |
| Finance expense from reinsurance contract held                                      | 19   | (3,556)        | (692)          |
| Tax effects thereon   |      | 854            | 166            |
| Net credit impairment losses on financial assets                                    | 19   | (132)          | (157)          |
| Tax effects thereon   |      | 8              | 14             |
| <b>Items that will not be reclassified subsequently to profit or loss:</b>          |      |                |                |
| Net (losses)/gains on investments in equity instruments measured at FVOCI           |      | (1,677)        | 92,183         |
| Net realised losses during the year   |      | 26,899         | -              |
| Tax effects thereon   |      | (1,963)        | (12,202)       |
| Finance expense from insurance contract issued                                      |      | (25,564)       | -              |
| Tax effects thereon   |      | 2,045          | -              |
| <b>Total other comprehensive income for the year, net of tax</b>                    |      | 37,007         | 22,835         |
| <b>Total comprehensive income for the year attributable to owner of the Company</b> |      | <u>528,280</u> | <u>390,730</u> |

The accompanying notes form an integral part of these financial statements.

## Allianz Life Insurance Malaysia Berhad

Registration No. 198301008983 (104248-X)

(Incorporated in Malaysia)

### Statement of changes in equity for the year ended 31 December 2025

|   | ←——— Attributable to owner of the Company ———→ |  |                             |                    |                      | Distributable |                |           |          |          |       |
|---|--|--|-----------------------------|--------------------|----------------------|---------------|----------------|-----------|----------|----------|-------|
|   | Non-distributable                              |  |                             |                    | Total                |               |                |           | Retained | Retained | Total |
|   | Other reserves                                 |  |                             |                    |                      |               |                |           |          |          |       |
| Share<br>capital<br>RM'000  | FVOCI<br>reserves<br>RM'000                    | Insurance<br>finance<br>reserves<br>RM'000 | Other<br>reserves<br>RM'000 | reserves<br>RM'000 | Life fund*<br>RM'000 | RM'000        | RM'000         | RM'000    |          |          |       |
| <b>At 1 January 2025</b>  | 236,600  | 222,736                                    | (198,349)                   | 13,828             | 38,215               | 1,972,338     | 441,546        | 2,688,699 |          |          |       |
| Net gains on investments in debt securities<br>measured at FVOCI    | -  | 96,331                                     | -                           | -                  | 96,331               | -             | -              | 96,331    |          |          |       |
| Net realised gains transferred to profit or loss                    | -  | (2,162)                                    | -                           | -                  | (2,162)              | -             | -              | (2,162)   |          |          |       |
| Fair value gains on cash flow hedge                                 | -  | 6,266                                      | -                           | -                  | 6,266                | -             | -              | 6,266     |          |          |       |
| Finance expense from insurance contract issued                      | -  | -  | (83,861)                    | -                  | (83,861)             | -             | -              | (83,861)  |          |          |       |
| Finance expense from reinsurance contract held                      | -  | -  | (2,702)                     | -                  | (2,702)              | -             | -              | (2,702)   |          |          |       |
| Net credit impairment losses on financial assets                    | -  | (124)                                      | -                           | -                  | (124)                | -             | -              | (124)     |          |          |       |
| Net gains on investments in equity<br>instruments measured at FVOCI | -  | 23,259                                     | -                           | -                  | 23,259               | -             | -              | 23,259    |          |          |       |
| Profit for the year   | -  | -  | -                           | -                  | -                    | 224,625       | 266,648        | 491,273   |          |          |       |
| <b>Total comprehensive income/(loss) for the year</b>               | -  | 123,570                                    | (86,563)                    | -                  | 37,007               | 224,625       | 266,648        | 528,280   |          |          |       |
| Dividends to the owner of the Company (Note 22)                     | -  | -  | -                           | -                  | -                    | -             | (230,922)      | (230,922) |          |          |       |
| <b>At 31 December 2025</b>  | 236,600  | 346,306                                    | (284,912)                   | 13,828             | 75,222               | 2,196,963     | 477,272        | 2,986,057 |          |          |       |
|   | <b>Note 9</b>                                  |  |                             |                    | <b>Note 10</b>       |               | <b>Note 10</b> |           |          |          |       |

## Statement of changes in equity for the year ended 31 December 2025 (continued)

|  | ← Attributable to owner of the Company → |                          |                                      |                          |                                | Distributable                             |                             |           |
|--|--|--------------------------|--------------------------------------|--------------------------|--------------------------------|---|-----------------------------|-----------|
|  | Non-distributable                        |                          | Other reserves                       |                          |                                | Retained earnings<br>Life fund*<br>RM'000 | Retained earnings<br>RM'000 |           |
|  | Share capital<br>RM'000                  | FVOCI reserves<br>RM'000 | Insurance finance reserves<br>RM'000 | Other reserves<br>RM'000 | Total other reserves<br>RM'000 |   |                             |           |
| <b>At 1 January 2024</b>   | 236,600                                  | 131,336                  | (129,784)                            | 13,828                   | 15,380                         | 1,839,772                                 | 206,217                     | 2,297,969 |
| Net gains on investments in debt securities measured at FVOCI    | -  | 13,496                   | -                                    | -                        | 13,496                         | -   | -                           | 13,496    |
| Net realised gains transferred to profit or loss                 | -  | (3,377)                  | -                                    | -                        | (3,377)                        | -   | -                           | (3,377)   |
| Fair value gains on cash flow hedge                              | -  | 1,443                    | -                                    | -                        | 1,443                          | -   | -                           | 1,443     |
| Finance expense from insurance contract issued                   | -  | -                        | (68,039)                             | -                        | (68,039)                       | -   | -                           | (68,039)  |
| Finance expense from reinsurance contract held                   | -  | -                        | (526)                                | -                        | (526)                          | -   | -                           | (526)     |
| Net credit impairment losses on financial assets                 | -  | (143)                    | -                                    | -                        | (143)                          | -   | -                           | (143)     |
| Net gains on investments in equity instruments measured at FVOCI | -  | 79,981                   | -                                    | -                        | 79,981                         | -   | -                           | 79,981    |
| Profit for the year  | -  | -                        | -                                    | -                        | -                              | 132,566                                   | 235,329                     | 367,895   |
| <b>Total comprehensive income/(loss) for the year</b>            | -  | 91,400                   | (68,565)                             | -                        | 22,835                         | 132,566                                   | 235,329                     | 390,730   |
| <b>At 31 December 2024</b>                                       | 236,600                                  | 222,736                  | (198,349)                            | 13,828                   | 38,215                         | 1,972,338                                 | 441,546                     | 2,688,699 |
|  | <b>Note 9</b>                            |                          |                                      |                          | <b>Note 10</b>                 |   | <b>Note 10</b>              |           |

\* Non-distributable retained earnings comprise life fund surplus (which includes Participating and Non-Participating funds), net of deferred tax, which is wholly attributable to the shareholders. This amount is only distributable upon the actual transfer of surplus from the Life fund to the Shareholder's fund as recommended by the Appointed Actuary and approved by the Board of Directors of the Company.

The accompanying notes form an integral part of these financial statements.

## Statement of cash flows for the year ended 31 December 2025

|   | Note | 2025<br>RM'000     | 2024<br>RM'000     |
|---|------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>                   |      |                    |                    |
| <b>Profit before tax</b>                                      |      | 545,852            | 469,498            |
| Purchase of financial assets at FVOCI                         |      | (1,289,276)        | (1,565,957)        |
| Maturity of financial assets at FVOCI                         |      | 909,287            | 741,201            |
| Proceeds from sale of financial assets at FVOCI               |      | 276,891            | 549,654            |
| Purchase of financial assets at FVTPL                         |      | (2,486,251)        | (2,997,228)        |
| Maturity of financial assets at FVTPL                         |      | 530,775            | 381,236            |
| Proceeds from sale of financial assets at FVTPL               |      | 1,143,847          | 1,966,962          |
| Rental income   |      | (1,699)            | (1,707)            |
| <b>Non-cash items:</b>  |      |                    |                    |
| Investment income   |      | (748,231)          | (742,613)          |
| Realised losses/(gains) recorded in profit or loss            |      | 112,593            | (182,283)          |
| Fair value gains on investments<br>recorded in profit or loss |      | (195,823)          | (404,193)          |
| Unrealised foreign exchange losses                            |      | 64,001             | 30,079             |
| Net gains on financial investments and derivatives            |      | (2,505)            | (45,917)           |
| Amortisation of intangible assets                             | 5    | 16,362             | 11,591             |
| Depreciation of right-of-use assets                           | 4    | 5,616              | 5,614              |
| Depreciation of property, plant and equipment                 | 3    | 4,711              | 5,092              |
| Property, plant and equipment written off                     |      | 695                | 331                |
| Reversal of expected credit losses                            |      | (132)              | (363)              |
| Interest on lease liabilities                                 |      | 311                | 367                |
| <b>Operating loss before changes in working capital</b>       |      | <b>(1,112,976)</b> | <b>(1,778,636)</b> |

## Statement of cash flows for the year ended 31 December 2025 (continued)

|  | 2025<br>RM'000   | 2024<br>RM'000   |
|--|------------------|------------------|
| <b>Changes in working capital:</b>   |                  |                  |
| Change in insurance contract liabilities   | 518,038          | 1,330,920        |
| Change in reinsurance contract liabilities   | 5,489            | 61,712           |
| Change in other assets   | 5,611            | (11,080)         |
| Change in other liabilities  | 28,708           | 67,861           |
| <b>Cash used in operating activities</b>   | <b>(555,130)</b> | <b>(329,223)</b> |
| Tax paid   | (102,896)        | (121,634)        |
| Dividends received   | 132,501          | 141,390          |
| Rental income  | 1,699            | 1,707            |
| Interest income received   | 619,979          | 616,190          |
| Interest paid on lease liabilities   | (311)            | (367)            |
| <b>Net cash generated<br/>from operating activities</b>  | <b>95,842</b>    | <b>308,063</b>   |
| <b>Cash flows from investing activities</b>  |                  |                  |
| Proceeds from disposal of<br>property, plant and equipment   | -                | 393              |
| Acquisition of property, plant and equipment   | (25,092)         | (15,611)         |
| Acquisition of intangible assets   | (824)            | (1,337)          |
| <b>Net cash used in investing activities</b>   | <b>(25,916)</b>  | <b>(16,555)</b>  |
| <b>Cash flows from financing activities</b>  |                  |                  |
| Repayment of lease liabilities   | (5,700)          | (5,355)          |
| Dividend paid  | (230,922)        | (77,841)         |
| <b>Net cash used in financing activities</b>   | <b>(236,622)</b> | <b>(83,196)</b>  |
| <b>Net (decrease)/increase in<br/>cash and cash equivalents</b>                                      | <b>(166,696)</b> | <b>208,312</b>   |
| Cash and cash equivalents at 1 January   | 1,256,854        | 1,048,542        |
| <b>Cash and cash equivalents at 31 December</b>  | <b>1,090,158</b> | <b>1,256,854</b> |
| <b>Cash and cash equivalents comprise:</b>   |                  |                  |
| Fixed and call deposits with licensed financial<br>institutions (with maturity three months or less) | 1,036,262        | 1,180,112        |
| Cash and bank balances   | 53,896           | 76,742           |
|  | <b>1,090,158</b> | <b>1,256,854</b> |

## Statement of cash flows for the year ended 31 December 2025 (continued)

The Company classifies the cash flows from the acquisition and disposal of financial assets as operating cash flow, as the purchases are funded from the cash flows associated with the origination of insurance contracts, net of cash flows for payments of claims incurred for insurance contracts, which are respectively treated under operating activities.

Reconciliation of liabilities arising from financing activities:

|                                    | <b>Note</b> | <b>Lease liabilities<br/>RM'000</b> |
|------------------------------------|-------------|-------------------------------------|
| At 1 January 2024                  |             | 9,721                               |
| Cash flows                         |             | (5,722)                             |
| Interest charged                   |             | 367                                 |
| Lease additions                    |             | 2,452                               |
| Modification/termination of leases |             | (82)                                |
| At 31 December 2024                | 14          | <u>6,736</u>                        |
| At 1 January 2025                  |             | 6,736                               |
| Cash flows                         |             | (6,011)                             |
| Interest charged                   |             | 311                                 |
| Lease additions                    |             | 4,720                               |
| Modification/termination of leases |             | (118)                               |
| At 31 December 2025                | 14          | <u>5,638</u>                        |

The accompanying notes form an integral part of these financial statements.

## Notes to the financial statements

### Corporate information

Allianz Life Insurance Malaysia Berhad (“the Company”) is a public limited liability company incorporated and domiciled in Malaysia. The address of the principal place of business and registered office of the Company is as follows:

Level 29, Menara Allianz Sentral,  
203, Jalan Tun Sambanthan,  
Kuala Lumpur Sentral,  
50470 Kuala Lumpur, Malaysia

The Company is principally engaged in the underwriting of life insurance and investment-linked business.

The ultimate holding company is Allianz SE, a public listed company incorporated and domiciled in Germany. The penultimate holding company is Allianz Europe B.V., a private limited liability company incorporated and domiciled in Netherlands. The antepenultimate holding company is Allianz Asia Holding Pte. Ltd., a private limited company incorporated and domiciled in Singapore. The immediate holding company is Allianz Malaysia Berhad, a public limited liability company incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Board of Directors on 27 February 2026.

## 1. Basis of preparation

### 1.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are amendments to standards and interpretations that have been issued by Malaysian Accounting Standards Board (“MASB”) for the financial year beginning on or after 1 January 2025 and adopted by the Company:

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2025***

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates*  
– *Lack of Exchangeability*

The adoption of the above did not have any significant effects on the Company’s financial statements for financial year 2025 and/ or prior periods upon their initial application, and it is not likely to affect future periods.

## 1. Basis of preparation (continued)

### 1.1 Statement of compliance (continued)

The following are accounting standards, amendments to standards and interpretations that have been issued by MASB but not yet effective and have not been early adopted by the Company:

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2026***

- Amendments to MFRS 9 *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2027***

- MFRS 18 *Presentation and Disclosure in Financial Statements*

The adoption of the amendments will not have a material impact to the Company in future periods, other than as disclosed below under Note 1.2 and 1.3.

### 1.2 Amendments to MFRS 9 *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*

Amendments to MFRS 9 and MFRS 7 provides clarification on:

- a. require financial assets to be derecognised on the date the contractual rights to the cash flows expire and financial liabilities to be derecognised when obligation under the contract is discharged (i.e. the settlement date). In addition, there is an optional exception to derecognise financial liabilities before the settlement date for settlement using electronic payment systems (if specified criteria are met);
- b. clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (“SPPI”) criterion;
- c. add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- d. update the disclosures for equity instruments designated at fair value through other comprehensive income (“FVOCI”).

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 9 and MFRS 7 amendments.

## 1. Basis of preparation (continued)

### 1.3 MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures and includes new requirements for the location, aggregation and disaggregation of financial information.

#### Statement of profit or loss

MFRS 18 introduces a new structure of profit or loss statement.

- a. Income and expenses are classified into 3 new main categories:
  - i. Operating category which typically includes results from the main business activities;
  - ii. Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
  - iii. Financing category that presents income and expenses from financing liabilities.
- b. Entities are required to present two new specified subtotals: 'Operating profit or loss' and 'Profit or loss before financing and income taxes'.

#### Management-defined performance measures

MFRS 18 introduces the concept of a management-defined performance measure ("MPM") which it defines as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole to users. MFRS 18 also requires disclosure of information about all of an entity's MPMs within a single note to the financial statements and requires several disclosures to be made about each MPM, including how the measure is calculated and a reconciliation to the most comparable subtotal specified by MFRS 18 or another MFRS accounting standard.

#### Location of information, aggregation and disaggregation

MFRS 18 differentiates between 'presenting' information in the primary financial statements and 'disclosing' it in the notes, and introduces a principle for determining the location of information based on identified 'roles' of the primary financial statements and the notes. MFRS 18 requires aggregation and disaggregation of information to be performed with reference to similar and dissimilar characteristics.

## 1. Basis of preparation (continued)

### 1.3 MFRS 18 Presentation and Disclosure in Financial Statements (continued)

Management is currently assessing the detailed implications of applying MFRS 18 on the Company's financial statement. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- a. The adoption of MFRS 18 will have no impact on the Company's net profit. In addition, the Company expects that the grouping items of income and expenses in the statement of profit or loss into the new categories will not significantly impact how operating profit is calculated and reported based on the high-level impact assessment that the Company has performed.
- b. The Company does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/ disaggregation principles. In addition, there will be significant new disclosures required for:
  - (i) management-defined performance measures; and
  - (ii) for the first annual period of application of MFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying MFRS 18 and the amounts previously presented applying MFRS 101.
- c. The Company will change the classification of interest paid in the statement of cash flow. Interest paid will be presented as financing cash flows, which is a change from current presentation as part of operating cash flows.

MFRS 18 will be applied retrospectively.

## **1. Basis of preparation (continued)**

### **1.4 Basis of measurement**

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

### **1.5 Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency, and have been rounded. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

### **1.6 Use of estimates and judgements**

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of financial statement, and the reported amount of income and expenses during the year. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 2(s)(i) – Valuation of insurance and reinsurance contracts

## 2. Material accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

### (a) Foreign currency

#### (i) Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising from settlement of foreign currency transactions and from retranslation of monetary assets and liabilities are recognised in profit or loss, except for differences arising on the retranslation of equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

## 2. Material accounting policies (continued)

### (b) Property, plant and equipment

#### (i) Recognition and measurement

All items of property, plant and equipment except for work-in-progress are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses. Work-in-progress is stated at cost less accumulated impairment.

The Company revalues its properties comprising land and buildings every five years and at shorter intervals whenever the fair values of the revalued assets are expected to differ materially from their carrying value.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

The revalued amounts of property are determined by using the Comparison Method. The Comparison Method entails critical analysis of recent evidence of values of comparable properties in the neighbourhood and making adjustment for differences such as differences in location, size and shape of land, age and condition of building, tenure, title restrictions if any and other relevant characteristics.

Valuation of the properties involves a degree of judgement before arriving at the respective property's revalued amount. As such, the revalued amount of the properties may be different from its actual market price.

Surpluses arising from revaluation are credited to revaluation reserve account via the statement of other comprehensive income. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss.

Costs include expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

## 2. Material accounting policies (continued)

### (b) Property, plant and equipment (continued)

#### (i) Recognition and measurement (continued)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised on a net basis within "realised gains and losses" in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

#### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Note 12 and 13; otherwise, it is recognised in "other operating expenses".

#### (iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Note 12 and 13; otherwise, it is recognised in "other operating expenses" on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated. Work-in-progress are not depreciated until the assets are ready for their intended use.

## 2. Material accounting policies (continued)

### (b) Property, plant and equipment (continued)

#### (iii) Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

|  |             |
|--|-------------|
| - Buildings                                | 50 years    |
| - Office equipment, furniture and fittings | 2 -10 years |
| - Computers                                | 5 years     |
| - Motor vehicles                           | 5 years     |
| - Office renovation and partitions         | 10 years    |

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

Leased assets (including leasehold land) are presented as a separate line item in statement of financial position. See accounting policy Note 2(d)(i) on right-of-use assets for these assets.

### (c) Intangible assets

#### (i) Development costs

Expenditure incurred on software development is capitalised, only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use the asset.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Note 12 and 13; otherwise, it is recognised in "other operating expenses" as incurred. Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

#### (ii) Other intangible assets

Other intangible assets that are acquired by the Company, which have finite useful lives, measured at cost less any accumulated amortisation and any accumulated impairment losses.

## 2. Material accounting policies (continued)

### (c) Intangible assets (continued)

#### (iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Note 12 and 13; otherwise, it is recognised in "other operating expenses" as incurred.

#### (iv) Amortisation

Intangible assets with finite useful lives are amortised from the date that they are available for use. Amortisation is based on the cost of an intangible asset less its residual value. Amortisation is recognised in "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Note 12 and 13; otherwise, it is recognised in "other operating expenses" on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful life for the current and comparative periods is as follows:

The estimated useful lives for the current and comparative periods are as follows:

|  |           |
|--|-----------|
| - Capitalised software development costs | 3-5 years |
| - Other intangible assets                | 15 years  |

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

### (d) Leases

#### (i) Accounting by lessee

Leases are recognised as right-of-use ('ROU') asset and a corresponding liability at the date on which the leased asset is available for use by the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Company is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

## 2. Material accounting policies (continued)

### (d) Leases (continued)

#### (i) Accounting by lessee (continued)

##### Lease term

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

##### ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

While the Company revalues land and buildings (presented as part of property, plant and equipment) that it owns, it has chosen not to revalue the ROU building held by the Company.

ROU assets are presented as a separate line item in the statement of financial position.

## 2. Material accounting policies (continued)

### (d) Leases (continued)

#### (i) Accounting by lessee (continued)

##### Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include fixed payments (including in-substance fixed payments), less any lease incentive receivable.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Company presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is recognised in "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Notes 2 (h) (v); otherwise, it is recognised in "other finance expenses".

##### Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise photocopiers. Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Amortisation is recognised in insurance service expenses if it is directly attributable to insurance acquisition activities or other fulfilment activities, refer Note 12 and 13, otherwise, it is recognised in "other operating expenses".

#### (ii) Accounting by lessor

As a lessor, the Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

## 2. Material accounting policies (continued)

### (d) Leases (continued)

#### (ii) Accounting by lessor (continued)

##### Operating lease

The Company classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Company recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

##### Sublease classification

When the Company is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset.

### (e) Financial instruments

#### (i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

At initial recognition, the Company measures a financial asset or financial liability at its fair value, plus or minus (in the case of a financial asset or financial liability not at fair value through profit or loss ("FVTPL")) transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss ("ECL") allowance is recognised for financial assets measured at amortised cost ("AC") and investments in debt instruments measured at fair value through other comprehensive income ("FVOCI").

## 2. Material accounting policies (continued)

### (e) Financial instruments (continued)

#### (ii) Amortised cost and effective interest rates

AC is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method for any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (that is, its AC before any impairment allowance) or to the AC of a financial liability. The calculation does not consider the ECL and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the EIR.

Interest revenue is calculated by applying the EIR to the gross carrying amount of financial assets recognised at AC or FVOCI.

#### (iii) Financial instrument categories and subsequent measurement

The Company categorises and measures financial instruments as follows:

##### *Financial assets*

The Company classifies its financial assets into the following measurement categories:

- (a) FVTPL;
- (b) FVOCI; or
- (c) AC

#### (1) *Debt instruments*

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as government and corporate bonds.

The classification and subsequent measurement of debt instruments depend on:

- a. the Company's business model for managing the asset; and
- b. the cash flow characteristics of the asset (represented by solely payments of principal and interest ("SPPI")).

## 2. Material accounting policies (continued)

### (e) Financial instruments (continued)

#### (iii) Financial instrument categories and subsequent measurement (continued)

##### *Financial assets (continued)*

##### (1) *Debt instruments (continued)*

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

##### (a) FVTPL

Assets that do not meet the criteria for AC or FVOCI are measured at FVTPL. Also, some assets are voluntarily measured at FVTPL, because this significantly reduces an accounting mismatch. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised and presented in the statement of profit or loss within net gains on FVTPL investments in the period in which it arises.

##### (b) FVOCI

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's AC, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in net investment income. Interest revenue from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the EIR method.

##### (c) AC

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at AC. The carrying amount of these assets is adjusted by any ECL allowance recognised and measured, as described further below. Interest revenue from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the EIR method.

## 2. Material accounting policies (continued)

### (e) Financial instruments (continued)

#### (iii) Financial instrument categories and subsequent measurement (continued)

##### *Financial assets (continued)*

##### **(1) Debt instruments (continued)**

The business model reflects how the Company manages assets in order to generate cash flows. That is, it reflects whether the Company's objective is solely to collect the contractual cash flows from assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (for example, financial assets held for trading purposes), the financial assets are classified as part of the other business model and measured at FVTPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed, and how managers are compensated.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent SPPI (the SPPI test). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement (that is, interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

The Company reclassifies debt investments only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

The Company might also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

## 2. Material accounting policies (continued)

### (e) Financial instruments (continued)

#### (iii) Financial instrument categories and subsequent measurement (continued)

##### *Financial assets (continued)*

##### **(2) Equity instruments**

Equity instruments are instruments that meet the definition of equity from the issuer's perspective (that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets).

The Company subsequently measures all equity investments at FVTPL. Gains and losses on equity investments at FVTPL are included in the line 'Net gains on FVTPL investments' in the statement of profit or loss.

The Company has classified and measured equity instruments and bond investments that are not held for trading at FVOCI. The financial assets of the Company are for the purpose of backing insurance liabilities, hence the hold and sell business model is adopted with FVOCI as a relevant measurement approach.

##### ***Financial liabilities***

In both the current and prior periods, financial liabilities are classified and subsequently measured at AC, except for derivatives, which are measured at FVTPL.

##### ***Derecognition***

Financial liabilities are derecognised when they are extinguished (that is, when the obligation specified in the contract is discharged, is cancelled or expires).

## 2. Material accounting policies (continued)

### (e) Financial instruments (continued)

#### (iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

#### (v) Hedge accounting

##### Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

## 2. Material accounting policies (continued)

### (e) Financial instruments (continued)

#### (v) Hedge accounting (continued)

##### Cash flow hedge (continued)

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

The Company enters into cross currency swaps arrangement as cash flow hedging instruments to hedge against variability in future cash flows arising from movements in foreign exchange rates of foreign currency-denominated debt securities.

## 2. Material accounting policies (continued)

### (f) Impairment

#### (i) Financial assets

Under MFRS 9, impairment will be measured on each reporting date according to a three-stage ECL impairment model:

- Stage 1 - from initial recognition of a financial assets to the date on which the credit risk of the asset has increased significantly relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months (12-month ECL).
- Stage 2 - following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognised equal to the credit losses expected over the remaining life of the financial asset (Lifetime ECL).
- Stage 3 - when a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses is to be recognised (Lifetime ECL).

The assessment of credit risk and the estimation of ECL are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should also take into account the time value of money.

## 2. Material accounting policies (continued)

### (f) Impairment (continued)

#### (ii) Non-financial assets

The carrying amounts of non-financial assets (except for deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

## 2. Material accounting policies (continued)

### (g) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

#### (i) Ordinary shares

Ordinary shares are classified as equity.

#### (ii) Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and accounted for in the equity as an appropriation of retained earnings when they are approved for payment.

Dividends for the year that are approved after the end of the reporting period are dealt with as a subsequent event.

### (h) Insurance and reinsurance contract

#### (i) Definition and classification

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

The Company issues certain insurance contracts that are substantially investment-related service contracts where the return on the underlying items is shared with policyholders. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders. The Company's policy is to hold such investment assets.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (i) Definition and classification (continued)

The measurement of a group of contracts by line of businesses are determined as follows:

##### Contracts Not Measured Under the Premium Allocation Approach (PAA)

These contracts cover multiple lines of business ("LoB") including protection and health, savings, unit-linked with guarantees and unit-linked without guarantees. The primary business derives from investment-linked portfolios, which focus on protection and health LoB.

##### Contracts Measured Under the Premium Allocation Approach (PAA)

These contracts are predominantly associated with group employee benefit business, with a significant focus on protection and health LoB.

An insurance contract with direct participation features ("DPF") is defined by the Company as one which, at inception, meets the following criteria:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

These criteria are assessed at the individual contract level based on the Company's expectations at the contract's inception, and they are not reassessed in subsequent periods, unless the contract is modified. The variability in the cash flows is assessed over the expected duration of a contract. The duration of a contract takes into account all cash flows within the boundary.

The Company uses judgement to assess whether the amounts expected to be paid to the policyholder constitute a substantial share of the fair value returns on the underlying items.

All references to insurance contracts in the financial statement apply to insurance contracts issued or acquired, reinsurance contracts held, unless specifically stated otherwise.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (ii) Unit of account

MFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together.

Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. No groups for level of aggregation purposes may contain contracts issued more than one year apart. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- (i) contracts that are onerous at initial recognition (if any)
- (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently (if any)
- (iii) a group of the remaining contracts in the portfolio (if any).

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

Groups of reinsurance contracts are established such that each group comprises a single contract.

Some reinsurance contracts provide cover for underlying contracts that are included in different groups. However, the Company concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Company's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups.

Groups of reinsurance contracts are divided into a minimum of:

- a) a group of contracts that has net gain at initial recognition, if any; and
- b) a group of the remaining contracts in the portfolio, if any.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (iii) Recognition and derecognition

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- (a) the beginning of the coverage period;
- (b) the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- (c) when the Company determines that a group of contracts becomes onerous.

Insurance contracts with discretionary participation features are accounted for under the insurance accounting provisions of MFRS 17.

A group of reinsurance contracts is recognised on the following date.

- (a) Reinsurance contracts initiated by the Company that provide proportionate coverage: The later of the beginning of the coverage period of the group of reinsurance contracts or the date on which any underlying insurance contract is initially recognised. This applies to the Company's quota share and surplus reinsurance contracts.
- (b) Other reinsurance contracts initiated by the Company: The beginning of the coverage period of the group of reinsurance contracts. However, if the Company recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into at or before that earlier date, then the group of reinsurance contracts is recognised on that earlier date. This applies to the Company's excess of loss and stop loss reinsurance contracts.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (iii) Recognition and derecognition (continued)

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

An insurance contract is derecognised when it is:

- (a) extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- (b) the contract is modified and additional criteria discussed below are met.

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the fulfilment cash flows ("FCF"), unless the conditions for the derecognition of the original contract are met. The Company derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

- (a) if the modified terms had been included at contract inception and the Company would have concluded that the modified contract:
  - i. is not within the scope of MFRS 17;
  - ii. results in different separable components;
  - iii. results in a different contract boundary; or
  - iv. belongs to a different group of contracts.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (iii) Recognition and derecognition (continued)

- (b) the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa.

When a new contract is required to be recognised as a result of modification and it is within the scope of MFRS 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, including the Variable Fee Approach ("VFA") eligibility, component separation requirements and contract aggregation requirements.

When an insurance contract not accounted for under the Premium Allocation Approach ("PAA") is derecognised from within a group of insurance contracts, the Company:

- (a) adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group;
- (b) adjusts the contractual service margin ("CSM") (unless the decrease in the FCF is allocated to the loss component of the liability of remaining coverage ("LRC") of the group) in the following manner, depending on the reason for the derecognition:
  - (i) if the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service.
- (c) adjusts the number of coverage units for the expected remaining insurance contract services, to reflect the number of coverage units removed.

When an insurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

- (i) if the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (iv) Measurement

Measurement is not carried out at the level of individual contracts, but on the basis of groups of contracts. To allocate individual insurance contracts to groups of contracts, the Company first needs to define portfolios which include contracts with similar risks that are managed together. These portfolios are to be subdivided into groups of contracts on the basis of profitability and annual cohorts.

MFRS 17 includes three measurement models, reflecting a different extent of policyholder participation in investment performance or overall insurance entity performance: the building block approach ("BBA"), the variable fee approach ("VFA"), and the premium allocation approach ("PAA").

The general measurement model, also known as the building block approach ("BBA"), consists of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows represent the risk-adjusted present value of an entity's rights and obligations to the policyholders, comprising estimates of expected cash flows, discounting and an explicit risk adjustment for non-financial risk. The contractual service margin represents the unearned profit from in-force contracts that an entity will recognise as it provides services over the coverage period.

PAA is a simplified approach for the measurement of the liability of remaining coverage an entity may choose to use when the premium allocation approach provides a measurement which is not materially different from that under the BBA or if the coverage period of each contract in the group of insurance contracts is one year or less.

The Company has assessed that direct participating businesses, where the rules on profit sharing are defined by legal/contractual rights, qualify for the variable fee approach eligibility. Non-participating business without policyholder participation, including savings and risk business, are accounted for under the BBA.

The Company assesses unit-linked insurance contracts to be eligible for the variable fee approach. Shareholder's share of variable fee from managing the unit-linked fund is part of the insurance liabilities accounted for under the VFA.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (iv) Measurement (continued)

The measurement principles of MFRS 17 as follows:

##### Separation of components

MFRS 17 requires the separation of embedded derivatives, investment components, and performance obligations to provide non-insurance goods and services, if certain conditions are met. The separated components need to be accounted for separately according to MFRS 9 (embedded derivatives, investment components) or MFRS 15 (non-insurance goods and services). An investment component is classified as being distinct or non-distinct. Investment components that are non-distinct are not to be separated from the host insurance contract but are excluded from insurance revenue and insurance service expenses.

##### Liability for remaining coverage ("LRC")

The LRC under PAA is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognised in profit or loss over the expired portion of the coverage period based on the passage of time.

The LRC under the BBA/VFA consists of the fulfilment cash flows related to future services and the contractual service margin ("CSM"). The fulfilment cash flows represent the risk adjusted present value of Company's rights and obligations to the policyholders, comprising the building blocks of estimates of expected future cash flows, discounting, and an explicit risk adjustment for non-financial risk.

##### Liability for incurred claims ("LIC")

The LIC is measured at the fulfilment cash flows relating to incurred claims. It comprises the fulfilment cash flows related to past service the reporting date. It is calculated at fund level. The LIC consists of the present value of future cash flows relating to incurred claims and the risk adjustment for non-financial risk.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (iv) Measurement (continued)

##### Estimates of expected cash flows

The estimates of future cash flows comprise all cash flows expected to arise as the insurance contract is fulfilled. In estimating these future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include premiums from policyholders, payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling the contracts.

##### Discounting

Discount rate is determined by adjusting a liquid risk-free yield curve to reflect the differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristics of the insurance contracts.

##### Risk adjustment for non-financial risk

The risk adjustment reflects the compensation an entity would require for bearing non-financial risks, i.e. the uncertainty of cash flows that arise from insurance contracts, other than the uncertainty arising from financial risks. Such non-financial risks include insurance risks, lapse and expense risk.

##### Contractual service margin

The contractual service margin for BBA gets adjusted for selected variances relating to current services, changes in cash flows related to future services and for the interest accretion at interest rates locked-in at initial recognition of the group of contracts. A release from the contractual service margin is recognised in profit or loss in the period to reflect the services provided in that period based on "coverage units".

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (iv) Measurement (continued)

##### Reinsurance contracts held

For reinsurance contracts held, the Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss. Measurement of the reinsurance contract assets is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

##### **Fulfilment cash flows within contract boundary**

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Company expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- (a) are based on a probability-weighted mean of the full range of possible outcomes;
- (b) are determined from the perspective of the Company, provided that the estimates are consistent with observable market prices for market variables; and
- (c) reflect conditions existing at the measurement date.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (iv) Measurement (continued)

##### **Fulfilment cash flows within contract boundary (continued)**

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

Risk of the Company's non-performance is not included in the measurement of groups of insurance contracts issued. In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Company estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts.

The Company uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (iv) Measurement (continued)

##### Contract boundary

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

- (a) the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- (b) both of the following criteria are satisfied:
  - (i) the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
  - (ii) the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all of the cash flows within its boundary.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Company has a substantive right to receive insurance contract services from the reinsurer.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (iv) Measurement (continued)

##### Contract boundary (continued)

A substantive right to receive services from the reinsurer ends either when the reinsurer can reprice the contract to fully reflect the reinsured risk, or when the reinsurer has a substantive right to terminate coverage.

The Company reassesses contract boundary of each group at the end of each reporting period.

The excess of loss reinsurance contract held by the Company has an annual term and covers claims from underlying contracts incurred within the year. Cash flows within the contract boundary are those arising from underlying claims incurred during the year.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

##### Insurance acquisition costs

The Company defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

- (a) to that group; and
- (b) to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (iv) Measurement (continued)

##### Insurance acquisition costs (continued)

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

##### Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

#### (A) Initial and subsequent measurement – Group of contracts not measured under the PAA

##### (a) Initial measurement

##### Contractual service margin

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Company will recognise as it provides insurance contract services in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous or insurance revenue and insurance service expenses are recognised as in (d) below) arising from:

- (a) the initial recognition of the FCF;
- (b) cash flows arising from the contracts in the group at that date;
- (c) the derecognition of any insurance acquisition cash flows asset; and
- (d) the derecognition of any other pre-recognition cash flows. Insurance revenue and insurance service expenses are derecognised immediately for any such assets derecognised.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (iv) Measurement (continued)

##### (A) Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

##### (a) Initial measurement (continued)

##### Contractual service margin (continued)

When the above calculation results in a net outflow, the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately, with no CSM recognised on the statement of financial position on initial recognition, and a loss component is established in the amount of loss recognised.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Company recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Company will recognise as a reinsurance expense as it receives reinsurance coverage from the reinsurer in the future and is calculated as the sum of:

- (a) the initial recognition of the FCF;
- (b) cash flows arising from the contracts in the group at that date;
- (c) the amount derecognised at the date of initial recognition of any asset or liability previously recognised for cash flows related to the group of reinsurance contracts held (other pre-recognition cash flows); and
- (d) any income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised in (d) above. This amount is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Company expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (iv) Measurement (continued)

##### (A) Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

###### (a) Initial measurement (continued)

###### Contractual service margin (continued)

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

###### (b) Subsequent measurement

The carrying amount at the end of each reporting period of a group of insurance contracts issued is the sum of:

- (a) the LRC, comprising:
  - i. the FCF related to future service allocated to the group at that date; and
  - ii. the CSM of the group at that date.
- (b) the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:

- (a) the remaining coverage, comprising:
  - i. the FCF related to future service allocated to the group at that date; and
  - ii. the CSM of the group at that date.
- (b) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

###### Changes in fulfilment cash flows

The FCF are updated by the Company for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (iv) Measurement (continued)

##### (A) Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

##### (b) Subsequent measurement (continued)

##### Changes in fulfilment cash flows (continued)

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

- (a) changes that relate to current or past service are recognised in profit or loss; and
- (b) changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

For insurance contracts under the BBA, the following adjustments relate to future service and thus adjust the CSM:

- (a) experience adjustments – arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows;
- (b) changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph; and
- (c) differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, determined by comparing:
  - (i) the actual investment component that becomes payable in a period with; and
  - (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable.
- (d) changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (a), (b) and (d) above are measured using discount rates determined on initial recognition (the locked-in discount rates).

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (iv) Measurement (continued)

##### (A) Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

##### (b) Subsequent measurement (continued)

##### Changes in fulfilment cash flows (continued)

For insurance contracts under the BBA, the following adjustments do not adjust the CSM:

- (a) changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
- (b) changes in the FCF relating to the LIC;
- (c) experience adjustments – arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows; and
- (d) experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

For insurance contracts under the VFA, the following adjustments relate to future service and thus adjust the CSM:

- (a) changes in the amount of the Company's share of the fair value of the underlying items; and
- (b) changes in the FCF that do not vary based on the returns of underlying items:
  - i. changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
  - ii. experience adjustments arising from premiums received in the period that relate to future service and related cash flows, such as insurance acquisition cash flows;
  - iii. changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (iv) Measurement (continued)

##### (A) Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

##### (b) Subsequent measurement (continued)

##### Changes in fulfilment cash flows (continued)

- iv. differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, determined by comparing:
  - i. the actual investment component that becomes payable in a period with;
  - ii. the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and
- v. changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (ii)-(v) are measured using the current discount rates.

For insurance contracts under the VFA, the following adjustments do not adjust the CSM:

- (a) changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;
- (b) changes in the FCF that do not vary based on the returns of underlying items:
  - i. changes in the FCF relating to the LIC;
  - ii. experience adjustments arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows; and
  - iii. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

The Company does not have any products with complex guarantees and does not use derivatives as economic hedges of the risks.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (iv) Measurement (continued)

##### (A) Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

##### (b) Subsequent measurement (continued)

##### Changes to the contractual service margin

For insurance contracts issued, at the end of each reporting period the carrying amount of the CSM is adjusted by the Company to reflect the effect of the following changes:

- (a) The effect of any new contracts added to the group of contracts.
- (b) For contracts measured under the BBA, interest accreted on the carrying amount of the CSM.
- (c) Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent that the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.
- (d) The effect of any currency exchange differences.
- (e) The amount recognised as insurance revenue for insurance contract services provided during the period, determined after all other adjustments above.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (iv) Measurement (continued)

##### (A) Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

##### (b) Subsequent measurement (continued)

##### Changes to the contractual service margin (continued)

For reinsurance contracts held, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Company to reflect the effect of the following changes:

- (a) The effect of any new contracts added to the group of contracts.
- (b) Interest accreted on the carrying amount of the CSM.
- (c) Income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group. A loss recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised.
- (d) Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held.
- (e) Changes in the FCF, to the extent that the change relates to future service, unless the change results from a change in FCF allocated to a group of underlying insurance contracts that does not adjust the CSM for the group of underlying insurance contracts.
- (f) The effect of any currency exchange differences.
- (g) The amount recognised in profit or loss for insurance contract services received during the period, determined after all other adjustments above.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (iv) Measurement (continued)

##### (A) Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

##### (b) Subsequent measurement (continued)

##### Changes to the contractual service margin (continued)

###### *Interest accretion on the CSM*

Under the BBA, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items. If more contracts are added to the existing groups of contracts in the subsequent reporting periods, the Company revises these discount curves by calculating weighted-average discount curves over the period during which the contracts in the group are recognised. The weighted-average discount curves are determined by multiplying the new CSM added to the group and their corresponding discount curves over the total CSM.

###### *Adjusting the CSM for changes in the FCF relating to future service*

The CSM is adjusted for changes in the FCF, measured applying the discount rates as specified in the Changes in fulfilment cash flows in Section 2(h)(iv)(b).

###### *Release of the CSM to profit or loss*

The amount of the CSM recognised in profit or loss for insurance contract services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

The coverage period is defined as a period during which the entity provides insurance contract services. Insurance contract services include coverage for an insured event (insurance coverage), the generation of an investment return for the policyholder, if applicable (investment-return service), and the management of underlying items on behalf of the policyholder (investment-related service).

The period of investment-return service or investment-related service ends at or before the date when all amounts due to current policyholders relating to those services have been paid. Investment-return services are provided only when an investment component exists in insurance contracts or the policyholder has a right to withdraw an amount, and the Company expects these amounts to include an investment return that is achieved by the Company by performing investment activities to generate that investment return.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (iv) Measurement (continued)

##### (A) Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

##### (b) Subsequent measurement (continued)

##### Changes to the contractual service margin (continued)

##### *Release of the CSM to profit or loss (continued)*

The Company reflects the time value of money in the allocation of the CSM to coverage units, using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items.

For reinsurance contracts held, the CSM is released to profit or loss as insurance contract services are received from the reinsurer in the period.

The coverage period for these contracts is determined based on the coverage period of all underlying contracts whose cash flows are included in the reinsurance contract boundary.

##### Determination of coverage units

The CSM represents the unearned profit the Company will recognise as it provides insurance contract services in the future. The CSM is released in each reporting period for an amount recognised in profit or loss to reflect the insurance contract services provided under the group of insurance contracts in that period.

The CSM release is determined by:

- identifying the coverage units in the group;
- allocating the CSM equally to coverage units provided in the current period and expected to be provided in the future; and
- recognising in profit or loss the amount allocated to coverage units to reflect insurance contract services provided in the period.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (iv) Measurement (continued)

##### (A) Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

##### (b) Subsequent measurement (continued)

##### Changes to the contractual service margin (continued)

##### *Release of the CSM to profit or loss (continued)*

##### Determination of coverage units (continued)

The determination of coverage units is done by considering the services provided under the contracts within the group of contracts as well as the measures that would appropriately reflect the services provided under the contracts. For groups of contracts where only stand-alone insurance service is provided, the sum assured is used as the coverage unit. For groups of contracts where mixed services (combining insurance and investment-related or investment-return services) are provided, the coverage unit is based on:

- a solo coverage unit that considers the weight of each service incorporated in the group of contracts (sum assured plus the policyholders' account/fund value); or
- the pre-dominant service provided under the group of contracts (sum assured).

For the reinsurance contracts held by the Company, the determination of the coverage units follows similar considerations for the underlying contracts as the level of services provided depends on that provided by the underlying contracts.

Discounting is done on the coverage units with the discount rates being consistent with the interest rates used for CSM accretion. The coverage units are reviewed and updated at each reporting date.

##### *Onerous contracts – Loss component*

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Company recognises the excess in insurance service expenses, and it records the excess as a loss component of the LRC.

When a loss component exists, the Company allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

- (a) expected incurred claims and other directly attributable expenses for the period;
- (b) changes in the risk adjustment for non-financial risk for the risk expired; and
- (c) finance income (expenses) from insurance contracts issued.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (iv) Measurement (continued)

##### (A) Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

##### (b) Subsequent measurement (continued)

##### Changes to the contractual service margin (continued)

##### *Onerous contracts – Loss component (continued)*

The amounts of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

##### (B) Initial and subsequent measurement – Group of contracts measured under the PAA

##### (a) Initial measurement

The Company uses the PAA for measuring contracts with a coverage period of one year or less.

For insurance contracts issued, insurance acquisition cash flows allocated to a group are deferred and recognised over the coverage period of contracts in a group.

For insurance contracts issued, on initial recognition, the Company measures the LRC at the amount of premiums received, less any acquisition cash flows paid.

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- (a) the LRC; and
- (b) the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (iv) Measurement (continued)

##### (B) Initial and subsequent measurement – Group of contracts measured under the PAA (continued)

###### (a) Initial measurement (continued)

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- (a) the remaining coverage; and
- (b) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- (a) increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
- (b) decreased for insurance acquisition cash flows paid in the period;
- (c) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
- (d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- (a) increased for ceding premiums paid in the period; and
- (b) decreased for the expected amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Company does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money, because insurance premiums are due within the coverage period of contracts, which is one year or less.

The Company adjusts the remaining coverage for reinsurance contracts held for the effect of the risk of reinsurer's non-performance.

For contracts measured under the PAA, the LIC is measured similarly to the LIC's measurement under the BBA. Future cash flows are adjusted for the time value of money.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (v) Amount recognised in comprehensive income

##### Insurance revenue

As the Company provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Company expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, insurance revenue comprises the following:

- Amounts relating to the changes in the LRC:
  - (a) claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
    - i. amounts allocated to the loss component;
    - ii. repayments of investment components and policyholder rights to withdraw an amount;
    - iii. insurance acquisition expenses; and
    - iv. amounts related to the risk adjustment for non-financial risk (see (b)).
  - (b) changes in the risk adjustment for non-financial risk, excluding:
    - i. changes included in insurance finance income (expenses);
    - ii. changes that relate to future coverage (which adjust the CSM); and
    - iii. amounts allocated to the loss component.
  - (c) amounts of the CSM recognised for the services provided in the period; and
  - (d) experience adjustments – arising from premiums received in the period other than those that relate to future service.
- Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

For groups of insurance contracts measured under the PAA, the Company recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (v) Amount recognised in comprehensive income (continued)

##### Insurance service expenses

Insurance service expenses include the following:

- (a) incurred claims and benefits, excluding investment components reduced by loss component allocations;
- (b) other incurred directly attributable expenses;
- (c) insurance acquisition cash flows amortisation;
- (d) changes that relate to past service – changes in the future cash flows (“FCF”) relating to the LIC; and
- (e) changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the statement of profit or loss.

##### Net income/(expenses) from reinsurance contract held

The Company presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

- (a) reinsurance expenses;
- (b) incurred claims recovery, excluding investment components reduced by loss-recovery component allocations;
- (c) other incurred directly attributable expenses;
- (d) changes that relate to past service – changes in the FCF relating to incurred claims recovery; and

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (v) Amount recognised in comprehensive income (continued)

##### Net income/(expenses) from reinsurance contract held (continued)

- (e) amounts relating to accounting for onerous groups of underlying insurance contracts issued:
  - i. income on initial recognition of onerous underlying contracts;
  - ii. reversals of a loss-recovery component; and
  - iii. change in FCF of RI contracts held from onerous underlying contracts.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Company expects to pay in exchange for those services.

For contracts not measured under the PAA, reinsurance expenses comprise the following amounts relating to the changes in the remaining coverage:

- (a) claims and other directly attributable expenses recovery in the period, measured at the amounts expected to be incurred at the beginning of the period, excluding:
  - i. amounts allocated to the loss-recovery component;
  - ii. repayments of investment components; and
  - iii. amounts related to the risk adjustment for non-financial risk;
- (b) release of risk adjustment for non-financial risk;
- (c) amounts of the CSM recognised for the services received in the period; and
- (d) experience adjustments – arising from premiums paid in the period other than those that relate to future service.

For groups of reinsurance contracts held measured under the PAA, the Company recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (v) Amount recognised in comprehensive income (continued)

##### Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- (a) the effect of the time value of money and changes in the time value of money;
- (b) effect of changes in the risk of reinsurers' non-performance (included in the finance expense from reinsurance contract held); and
- (c) the effect of financial risk and changes in financial risk.

For contracts measured under the BBA, the main amounts within insurance finance income or expenses are:

- (a) interest accreted on the FCF and the CSM;
- (b) the effect of changes in interest rates and other financial assumptions; and
- (c) foreign exchange differences.

For contracts measured under the VFA, insurance finance income or expenses comprise changes in the value of underlying items (excluding additions and withdrawals).

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

- (a) interest accreted on the LIC; and
- (b) the effect of changes in interest rates and other financial assumptions.

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

For the contracts measured under the BBA, the effect of changes in the value of money is disaggregated between profit or loss and OCI. However, for the contracts measured using the VFA in UL and IL funds, the Company does not adopt OCI option (profit or loss option is applied).

The Company has applied accounting policy choice on the participating fund's portion of accumulated OCI on underlying items measured at FVOCI that is attributable to policyholders to be presented in the Statement of Changes in Equity as:

- (a) an FVOCI reserve; and
- (b) an equal and opposite Insurance finance reserve.

Because the policyholder-attributable amounts are also reflected in insurance contract liabilities, this presentation has no impact on total reserves or total equity.

## 2. Material accounting policies (continued)

### (h) Insurance and reinsurance contract (continued)

#### (v) Amount recognised in comprehensive income (continued)

##### Insurance finance income or expenses (continued)

The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items.

#### (vi) Transition

In respect of insurance contracts, the modified retrospective approach has been applied to the insurance contracts in annual cohorts prior to 2014, while the full retrospective approach has been applied to the insurance contracts in annual cohorts from 2014 onwards.

In respect of reinsurance contracts held, the modified retrospective approach has been applied to the reinsurance contracts held in annual cohorts prior to 2021, while the full retrospective approach has been applied to reinsurance contracts held in annual cohorts from 2021 and onwards.

The quantitative impact of the Company applying MFRS 17 is disclosed in Note 16 and Note 18.

### (i) Other revenue recognition

#### (i) Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

## 2. Material accounting policies (continued)

### (i) Other revenue recognition (continued)

#### (ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

#### (iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Dividend income from financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is recognised in the statement of profit and loss within dividend income.

#### (iv) Realised gains and losses on investments

Realised gains and losses recorded in profit or loss on investments include gains and losses on disposal of financial assets. Gains and losses arising on disposal of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

### (j) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for temporary difference arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## 2. Material accounting policies (continued)

### (j) Income tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their assets and liabilities will be realised simultaneously.

### (k) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

### (l) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote. Contingent liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Company.

### (m) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## **2. Material accounting policies (continued)**

### **(m) Short-term employee benefits (continued)**

The Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Company has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Short-term employee benefit is recognised in insurance service expenses if it is directly attributable to insurance acquisition activities or other fulfilment activities, otherwise, it is recognised in other operating expenses.

### **(n) Provision for agent's retirement benefits**

Provision for agent's retirement benefits is calculated in accordance with the terms and conditions in the respective agent's agreements. The scheme is not separately funded. The Company pays fixed contributions into the Agency Provident Fund.

Provision for agent's retirement benefits is charged to profit or loss in the period in which it relates.

### **(o) Other financial liabilities**

Other financial liabilities are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

### **(p) Cash and cash equivalents and placements with financial institutions**

Cash and cash equivalents consist of cash on hand, balances and deposits held at call with financial institutions and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Company in the management of their short term commitments.

## 2. Material accounting policies (continued)

### (q) Investment in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. The Company has determined that the investment in structured securities, such as unit trust investment that the Company has an interest in are structured entities.

When the Company ceased to have control, any retained interest in the subsidiary is re-measured to its fair value at the date when control is lost with change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

In the Company's financial statements, investments in structured entities are initially recognised at fair value and subsequently measured at fair value in accordance with MFRS 9 "Financial Instruments: Recognition and Measurement". On disposal of investment in structured entities, the difference between the disposal proceeds and the carrying amounts of the investment is recognised in profit or loss.

The Company is exempted from presenting consolidated financial statements based on the criteria set out in paragraph 4 of MFRS 10 "Consolidated Financial Statements".

The immediate holding company, Allianz Malaysia Berhad, prepares consolidated financial statements in accordance with MFRS in Malaysia, which are available for inspection at the registered office of the immediate holding company.

## 2. Material accounting policies (continued)

### (r) Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date the event or change in circumstances that caused the transfers.

## 2. Material accounting policies (continued)

### (s) Significant accounting judgements, estimates and assumptions

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

### (i) Valuation of insurance and reinsurance contracts

#### A. Fulfilment cash flows

Fulfilment cash flows comprise:

- a) estimates of future cash flows;
- b) an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- c) a risk adjustment for non-financial risk.

### (i) Estimates of future cash flows

#### Assumptions Used in Estimating Future Cash Flows

Significant judgement is required in estimating the future cash flows and in the choice of assumptions. Assumptions in use are based on past experiences, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. The assumptions are determined at the date of valuation and are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of future cash flows is particularly sensitive are as follows:

- Mortality and Morbidity Rates

Experience study on mortality and morbidity rates is carried out on an annual basis. The actual claim experience is compared against industrial mortality table and reinsurers' mortality and morbidity risk charges. Mortality and morbidity assumptions vary by product type and underwriting procedures.

## 2. Material accounting policies (continued)

### (s) Significant accounting judgements, estimates and assumptions

#### (i) Valuation of insurance and reinsurance contracts

##### A. Fulfilment cash flows

#### (i) Estimates of future cash flows

##### Assumptions Used in Estimating Future Cash Flows (continued)

##### - Expenses

Expense assumption was set during initial pricing stage. Expense assumption is inflated annually to reflect higher cost of underwriting, issuing, and maintaining the policies. Expense assumption varies by premium term, distribution channel, policy duration, and underwriting procedures. The expense assumption is reviewed annually and compared to actual expense that the Company incurred.

##### - Persistency

Experience study on persistency (lapse, surrender, premium holiday, partial withdrawal) is carried out on an annual basis using statistical method. Persistency assumptions vary by product type, distribution channel, and policy duration.

The assumptions that have significant effects on the future cash flows are disclosed in Note 27 (iii).

## 2. Material accounting policies (continued)

### (s) Significant accounting judgements, estimates and assumptions (continued)

#### (i) Valuation of insurance and reinsurance contracts (continued)

##### A. Fulfilment cash flows (continued)

#### (ii) Discount rates

The Company pursues a bottom-up approach in the determination of the discount rates, where all cash flows are discounted using the risk-free rates adjusted for an illiquidity premium. The risk free rates are constructed from observed spot rates of the local government bonds up to 20 years, with adjustment to remove the credit risk of the government bonds. Thereafter, the risk-free rates are extrapolated towards the ultimate forward rate using the Smith-Wilson method.

The Company determines the illiquidity adjustment based on the spread of reference portfolio, corrected for expected and unexpected credit loss and application ratio to reflect the difference in illiquidity characteristics of the insurance contract liabilities and the chosen reference portfolio.

The Company applies the OCI option and recognises the impact of changes in discount rates in OCI for BBA portfolios and participating contracts measured under VFA. Current interest rates are applied in the measurement of FCF in the statement of financial position. The interest rates applied to recognise the insurance finance income or expense in the statement of profit or loss is based on locked-in interest rates determined on initial recognition.

The discount rates used in the discounting of future cash flows and sensitivity analysis on the key assumptions are disclosed in Note 27(ii) and Note 27(iii).

## 2. Material accounting policies (continued)

### (s) Significant accounting judgements, estimates and assumptions (continued)

#### (i) Valuation of insurance and reinsurance contracts (continued)

##### A. Fulfilment cash flows (continued)

#### (ii) Discount rates (continued)

The yield curves that were used to discount the estimates of future cash flows that do not vary based on the returns of the underlying items are as follows:

|                                      |     | 2025  |       |       |       |
|--------------------------------------|-----|-------|-------|-------|-------|
|                                      |     | 1     | 5     | 10    | 20    |
|                                      |     | year  | years | years | years |
| Participating portfolio              | MYR | 2.87% | 3.31% | 3.67% | 4.06% |
| Non-participating portfolio          | MYR | 3.22% | 3.67% | 4.03% | 4.41% |
| Investment-linked and universal life | MYR | 2.79% | 3.23% | 3.59% | 3.97% |

|                                      |     | 2024  |       |       |       |
|--------------------------------------|-----|-------|-------|-------|-------|
|                                      |     | 1     | 5     | 10    | 20    |
|                                      |     | years | years | years | years |
| Participating portfolio              | MYR | 3.36% | 3.73% | 3.94% | 4.23% |
| Non-participating portfolio          | MYR | 3.69% | 4.05% | 4.27% | 4.55% |
| Investment-linked and universal life | MYR | 3.26% | 3.62% | 3.84% | 4.13% |

## 2. Material accounting policies (continued)

### (s) Significant accounting judgements, estimates and assumptions (continued)

#### (i) Valuation of insurance and reinsurance contracts (continued)

##### A. Fulfilment cash flows (continued)

#### (iii) Risk adjustments for non-financial risk

The risk adjustment for non-financial risk reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the Company fulfils the insurance contracts. The risk adjustment also reflects the degree of diversification benefit that the Company includes when determining the compensation that it requires for bearing that risk as well as both the favorable and unfavorable outcomes in a way that reflect the Company's degree of risk aversion.

The risk adjustment is calculated using the cost of capital approach by discounting the present value of the projected capital relating to non-financial risk using a cost of capital rate of 6% (2024: 6%). The cost of capital rate represents the return required by the Company to compensate for exposure to the non-financial risks. The capital is determined at a 99.5% confidence level, and it is projected in line with the run-off of the business.

The calculation of risk adjustment is done at total entity level and then allocated to the group of contracts based on the risk driver of respective risk. The risk adjustment for the reinsurance contracts held is determined as the difference between the risk adjustments computed gross and net of reinsurance, where a scaling approach (net-to-gross) is applied to calculate the gross risk adjustment.

The resulting amount of the calculated risk adjustment corresponds to the confidence level of 74% (2024: 74%).

The methods used to determine the risk adjustment for non-financial risk were not changed in 2025 and 2024.

## 2. Material accounting policies (continued)

### (s) Significant accounting judgements, estimates and assumptions (continued)

#### (i) Valuation of insurance and reinsurance contracts (continued)

##### A. Fulfilment cash flows (continued)

#### (iv) Investment components

The Company identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and insurance service expenses.

Investment-linked, universal life, participating, and non-participating contracts that have explicit surrender values are determined as contracts that contain investment components. The investment component excluded from insurance revenue and insurance service expenses is determined as the surrender value specified in the contractual terms less any accrued fees and surrender charges.

#### (v) Expenses

Where estimates of expenses-related are determined at the portfolio level, they are allocated to groups of contracts on a systematic basis, such as activity-based costing method. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature.

Acquisition cash flows are estimated based on a percentage of premiums written at group of contracts level during a specific period, based on periodic studies. Same basis will be applied to compute LRC acquisition cost.

Claims settlement-related expenses are allocated based on claims costs.

### 3. Property, plant and equipment

|   | Note | Land<br>RM'000 | Buildings<br>RM'000 | Office<br>equipment,<br>computers,<br>furniture<br>and fittings<br>RM'000 | Motor<br>vehicles<br>RM'000 | Office<br>renovations<br>and<br>partitions<br>RM'000 | Work-in-<br>progress<br>RM'000 | Total<br>RM'000 |
|---|------|----------------|---------------------|---|-----------------------------|--|--------------------------------|-----------------|
| <b>Cost/Valuation</b>                     |      |                |                     |   |                             |  |                                |                 |
| At 1 January 2024                         |      | 2,040          | 9,541               | 51,622  | 1,422                       | 19,713   | 3,357                          | 87,695          |
| Additions                                 |      | -              | -                   | 1,657   | -                           | 345  | 13,609                         | 15,611          |
| Disposals                                 |      | -              | -                   | (639)   | -                           | (123)  | -                              | (762)           |
| Written off                               |      | -              | -                   | (2,001)   | -                           | (2,000)  | -                              | (4,001)         |
| Reclassification                          |      | -              | -                   | 105   | -                           | 1,007  | (1,112)                        | -               |
| Transfer to intangible assets #           | 5    | -              | -                   | -   | -                           | -  | (4,182)                        | (4,182)         |
| At 31 December 2024/<br>At 1 January 2025 |      | 2,040          | 9,541               | 50,744  | 1,422                       | 18,942   | 11,672                         | 94,361          |
| Additions                                 |      | -              | -                   | 2,021   | 244                         | 99   | 22,728                         | 25,092          |
| Disposals                                 |      | -              | -                   | (9)   | (5)                         | -  | -                              | (14)            |
| Written off                               |      | -              | -                   | (3,154)   | -                           | (7,407)  | (115)                          | (10,676)        |
| Reclassification                          |      | -              | -                   | 57  | -                           | 221  | (278)                          | -               |
| Transfer to intangible assets #           | 5    | -              | -                   | -   | -                           | -  | (25,804)                       | (25,804)        |
| At 31 December 2025                       |      | 2,040          | 9,541               | 49,659  | 1,661                       | 11,855   | 8,203                          | 82,959          |

# Certain work-in-progress were reclassified as software development costs (intangible assets). See Note 5.

### 3. Property, plant and equipment (continued)

|   | Note | Land<br>RM'000 | Buildings<br>RM'000 | Office<br>equipment,<br>computers,<br>furniture<br>and fittings<br>RM'000 | Motor<br>vehicles<br>RM'000 | Office<br>renovations<br>and<br>partitions<br>RM'000 | Work-in-<br>progress<br>RM'000 | Total<br>RM'000 |
|---|------|----------------|---------------------|---|-----------------------------|--|--------------------------------|-----------------|
| <b>Depreciation</b>                       |      |                |                     |   |                             |  |                                |                 |
| At 1 January 2024                         |      | -              | 1,114               | 41,964  | 962                         | 12,927   | -                              | 56,967          |
| Depreciation for the year                 | 20   | -              | 251                 | 3,358   | 236                         | 1,247  | -                              | 5,092           |
| Disposals                                 |      | -              | -                   | (319)   | -                           | (50)   | -                              | (369)           |
| Written off                               |      | -              | -                   | (1,930)   | -                           | (1,740)  | -                              | (3,670)         |
| At 31 December 2024/<br>At 1 January 2025 |      | -              | 1,365               | 43,073  | 1,198                       | 12,384   | -                              | 58,020          |
| Depreciation for the year                 | 20   | -              | 251                 | 3,298   | 181                         | 981  | -                              | 4,711           |
| Disposals                                 |      | -              | -                   | (9)   | (5)                         | -  | -                              | (14)            |
| Written off                               |      | -              | -                   | (3,144)   | -                           | (6,837)  | -                              | (9,981)         |
| At 31 December 2025                       |      | -              | 1,616               | 43,218  | 1,374                       | 6,528  | -                              | 52,736          |
| <b>Carrying amounts</b>                   |      |                |                     |   |                             |  |                                |                 |
| At 1 January 2024                         |      | 2,040          | 8,427               | 9,658   | 460                         | 6,786  | 3,357                          | 30,728          |
| At 31 December 2024/<br>At 1 January 2025 |      | 2,040          | 8,176               | 7,671   | 224                         | 6,558  | 11,672                         | 36,341          |
| At 31 December 2025                       |      | 2,040          | 7,925               | 6,441   | 287                         | 5,327  | 8,203                          | 30,223          |

Included in property, plant and equipment are fully depreciated assets which are still in use costing RM61,467,000 (2024: RM61,561,000).

### 3. Property, plant and equipment (continued)

#### 3.1 Property, plant and equipment under the revaluation model

The land and buildings were last revalued in September 2023 by Hartamas Valuation & Consultancy Sdn Bhd, an external independent qualified valuer using the Comparison Approach. This approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value. In general, the land and buildings are compared with sales of similar properties that have been transacted in the open market. Listings and offers may also be considered.

Had the land and buildings been carried at historical cost less accumulated depreciation, their carrying amounts would have been as follows:

|           | 2025<br>RM'000 | 2024<br>RM'000 |
|-----------|----------------|----------------|
| Land      | 1,220          | 1,220          |
| Buildings | 6,338          | 6,422          |
|           | <u>7,558</u>   | <u>7,642</u>   |

#### 3.2 Fair value information

Fair value of land and buildings are categorised as follows:

|           | 2025              |                   |                   | Total<br>RM'000 |
|-----------|-------------------|-------------------|-------------------|-----------------|
|           | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 |                 |
| Land      | -                 | -                 | 2,040             | 2,040           |
| Buildings | -                 | -                 | 7,925             | 7,925           |
|           | -                 | -                 | <u>9,965</u>      | <u>9,965</u>    |

|           | 2024              |                   |                   | Total<br>RM'000 |
|-----------|-------------------|-------------------|-------------------|-----------------|
|           | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 |                 |
| Land      | -                 | -                 | 2,040             | 2,040           |
| Buildings | -                 | -                 | 8,176             | 8,176           |
|           | -                 | -                 | <u>10,216</u>     | <u>10,216</u>   |

### 3. Property, plant and equipment (continued)

#### 3.2 Fair value information (continued)

##### Level 3 fair value

The Level 3 unobservable input used in the valuation of land and buildings is the price per square foot ("psf") which is derived from the selling price of comparable land and building, adjusted for differences in location, property size, shape and terrain of land, any title restrictions, availability of infrastructure, age and condition of building, finishes and services and other relevant characteristics.

The estimated fair value would increase/(decrease) if the price per square foot were higher or lower and the historical sales transaction value were higher or lower.

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable input used in the valuation model.

##### Land and buildings

|                                 | <b>2025</b>       | <b>2025</b>         | <b>2024</b>       | <b>2024</b>         |
|---------------------------------|-------------------|---------------------|-------------------|---------------------|
|                                 | <b>Fair value</b> | <b>Adjusted psf</b> | <b>Fair value</b> | <b>Adjusted psf</b> |
| <b>Valuation technique used</b> | <b>RM'000</b>     | <b>RM/psf</b>       | <b>RM'000</b>     | <b>RM/psf</b>       |
| Comparison approach             | 9,965             | 249-1,052           | 10,216            | 249-1,052           |

#### 4. Right-of-use assets

|                                       | Note | Leasehold<br>land<br>RM'000 | Buildings<br>RM'000 | Total<br>RM'000 |
|---------------------------------------|------|-----------------------------|---------------------|-----------------|
| <b>Valuation/Cost</b>                 |      |                             |                     |                 |
| At 1 January 2024                     |      | 12,900                      | 15,070              | 27,970          |
| Additions                             |      | -                           | 2,452               | 2,452           |
| Modification/termination of leases    |      | -                           | (1,733)             | (1,733)         |
| At 31 December 2024/At 1 January 2025 |      | 12,900                      | 15,789              | 28,689          |
| Additions                             |      | -                           | 4,720               | 4,720           |
| Modification/termination of leases    |      | -                           | (4,649)             | (4,649)         |
| At 31 December 2025                   |      | 12,900                      | 15,860              | 28,760          |
| <b>Depreciation</b>                   |      |                             |                     |                 |
| At 1 January 2024                     |      | 70                          | 5,424               | 5,494           |
| Depreciation for the year             | 20   | 215                         | 5,399               | 5,614           |
| Modification/termination of leases    |      | -                           | (1,651)             | (1,651)         |
| At 31 December 2024/At 1 January 2025 |      | 285                         | 9,172               | 9,457           |
| Depreciation for the year             | 20   | 214                         | 5,402               | 5,616           |
| Modification/termination of leases    |      | -                           | (4,531)             | (4,531)         |
| At 31 December 2025                   |      | 499                         | 10,043              | 10,542          |
| <b>Carrying amounts</b>               |      |                             |                     |                 |
| At 1 January 2024                     |      | 12,830                      | 9,646               | 22,476          |
| At 31 December 2024/At 1 January 2025 |      | 12,615                      | 6,617               | 19,232          |
| At 31 December 2025                   |      | 12,401                      | 5,817               | 18,218          |

The Company leases a number of buildings for its office space and branches. The leases typically run for a period of 1 to 5 years, with options to renew the lease after that date. The lease agreements do not impose any covenants.

The total cash outflow for leases amounts to RM6,114,000 (2024: RM5,841,000) and income from subleasing of right-of-use assets amounts to RM1,380,000 (2024: RM1,392,000).

## 4. Right-of-use assets (continued)

### 4.1 Right-of-use assets under the revaluation model

The leasehold land was last revalued in September 2023 by Hartamas Valuation & Consultancy Sdn Bhd, an external independent qualified valuer using the Comparison Approach. This approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value. In general, the leasehold land is compared with sales of similar properties that have been transacted in the open market. Listings and offers may also be considered.

Had the leasehold land been carried at historical cost less accumulated amortisation, the carrying amounts would have been RM3,416,000 (2024: RM3,472,000).

### 4.2 Fair Value Information

Fair value of leasehold land is categorised as Level 3 of the fair value hierarchy.

#### Level 3 fair value

The Level 3 unobservable input used in the valuation of leasehold land is the price per square foot ("psf") which is derived from the selling price of comparable land, adjusted for differences in location, shape and terrain of land, any title restrictions, availability of infrastructure, age and condition of building erected thereon and other relevant characteristics.

The estimated fair value would increase/(decrease) if the price per square foot were higher or lower and the historical sales transaction value were higher or lower.

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable input used in the valuation model.

#### Leasehold land

|                          | 2025       | 2025         | 2024       | 2024         |
|--------------------------|------------|--------------|------------|--------------|
| Valuation technique used | Fair value | Adjusted psf | Fair value | Adjusted psf |
|                          | RM'000     | RM/psf       | RM'000     | RM/psf       |
| Comparison Approach      | 12,401     | 770-1,391    | 12,615     | 770-1,391    |

## 5. Intangible Assets

|   | Note | Software development costs<br>RM'000 | Other intangible assets<br>RM'000 | Total<br>RM'000 |
|---|------|--------------------------------------|-----------------------------------|-----------------|
| <b>Cost</b>                                 |      |                                      |                                   |                 |
| At 1 January 2024                           |      | 37,554                               | 92,380                            | 129,934         |
| Additions                                   |      | 1,337                                | -                                 | 1,337           |
| Disposals                                   |      | (239)                                | -                                 | (239)           |
| Transfer from property, plant and equipment | 3    | 4,182                                | -                                 | 4,182           |
| At 31 December 2024/At 1 January 2025       |      | 42,834                               | 92,380                            | 135,214         |
| Additions                                   |      | 824                                  | -                                 | 824             |
| Transfer from property, plant and equipment | 3    | 25,804                               | -                                 | 25,804          |
| At 31 December 2025                         |      | 69,462                               | 92,380                            | 161,842         |
| <b>Amortisation</b>                         |      |                                      |                                   |                 |
| At 1 January 2024                           |      | 24,674                               | 12,318                            | 36,992          |
| Amortisation for the year                   | 20   | 5,432                                | 6,159                             | 11,591          |
| Disposals                                   |      | (239)                                | -                                 | (239)           |
| At 31 December 2024/At 1 January 2025       |      | 29,867                               | 18,477                            | 48,344          |
| Amortisation for the year                   | 20   | 10,203                               | 6,159                             | 16,362          |
| At 31 December 2025                         |      | 40,070                               | 24,636                            | 64,706          |
| <b>Carrying amounts</b>                     |      |                                      |                                   |                 |
| At 1 January 2024                           |      | 12,880                               | 80,062                            | 92,942          |
| At 31 December 2024/At 1 January 2025       |      | 12,967                               | 73,903                            | 86,870          |
| At 31 December 2025                         |      | 29,392                               | 67,744                            | 97,136          |
|   |      | <b>Note 5.1</b>                      | <b>Note 5.2</b>                   |                 |

## 5. Intangible Assets (continued)

### 5.1 Software development cost

The software development costs are in relation to the internal development expenditure incurred for digital application and Open Product Underwriting System ("OPUS"), the on-going integrated system to improve the efficiency of the business activity of the Company. These costs of developed software are amortised over a period of three to five years.

### 5.2 Other intangible assets

Other intangible assets are in relation to the exclusive Bancassurance Agreement which provides the Company with an exclusive right to the use of the bancassurance network of a local commercial bank to sell, market and promote conventional life product.

The fee for this exclusive right is amortised over its useful life of 15 years using the straight-line method. In the impairment assessment conducted by the Company, the future economic benefits that are attributable to the bancassurance agreement were valued at the present value of projected future cash flows to be derived from the remaining tenure of the agreement of 11 years using the discounted cash flow model.

The following key assumptions have been used in cash flow projections in respect of the impairment assessment.

| <b>Key assumptions</b>                                      | <b>2025</b> | <b>2024</b> |
|---|-------------|-------------|
| Bancassurance average annualised<br>new premium growth rate | 8.6%        | 11.2%       |
| Discount rate - pre tax                                     | 11.2%       | 11.4%       |

#### 5.2.1 Sensitivity to changes in key assumptions

Management considers that it is not reasonably possible for the abovementioned key assumptions to change so significantly that would result in impairment.

## 6. Investments

|   | 2025<br>RM'000 | 2024<br>RM'000 |
|---|----------------|----------------|
| Malaysian government securities                           | 7,007,392      | 6,478,284      |
| Malaysian government guaranteed bonds                     | 2,720,278      | 2,734,917      |
| Quoted equity securities of corporations in Malaysia*     | 3,969,513      | 3,876,793      |
| Quoted equity securities of corporations outside Malaysia | 6,398          | 17,329         |
| Unquoted equity securities of corporations in Malaysia    | 31,980         | 32,321         |
| Unquoted bonds of corporations in Malaysia                | 4,531,183      | 4,599,887      |
| Unquoted bonds of corporations outside Malaysia           | 88,908         | 104,244        |
| Quoted unit trusts in Malaysia                            | 80,973         | 90,271         |
| Unquoted unit trusts in Malaysia                          | 50,116         | 47,997         |
| Unquoted unit trusts outside Malaysia                     | 719,863        | 467,877        |
| Fixed deposits with licensed banks                        | 440,639        | 234,004        |
| Structured deposits                                       | 75,100         | -              |
| Other investments   | 1,246          | 3,795          |
|   | 19,723,589     | 18,687,719     |

\*The Company has designated at FVOCI investment in listed shares in the Participating fund with a total fair value amounting to RM641,436,000 (2024: RM623,299,000) with details below:

|                                  | 2025<br>RM'000 | 2024<br>RM'000 |
|----------------------------------|----------------|----------------|
| <b>By sector</b>                 |                |                |
| Financial Services               | 302,983        | 270,527        |
| Industrial Products and Services | 35,704         | 30,198         |
| Consumer Products and Services   | 35,912         | 56,067         |
| Energy                           | 10,966         | 35,590         |
| Telecommunications and Media     | 40,936         | 47,360         |
| Technology                       | 28,489         | 14,663         |
| Plantation                       | 40,104         | 22,730         |
| Property                         | 21,099         | 36,356         |
| Construction                     | 39,801         | 20,762         |
| Health Care                      | 33,047         | 18,080         |
| Utilities                        | 52,395         | 70,966         |
|                                  | 641,436        | 623,299        |

The total amount of dividends recognised from these investments during the year was RM22,422,000 (2024: RM25,279,000), all of which related to investments held at the end of the year.

During the financial year, the Company disposed equity investments from the financial investments at FVOCI due to unfavorable market conditions and recorded loss on disposal of RM38,724,000 (2024: loss of RM20,589,000) and gain on disposal of RM11,825,000 (2024: gain of RM77,484,000) respectively. The fair value of the disposed equity investments at the date of derecognition was RM152,860,000 (2024: RM415,984,000).

The Company applies the FVOCI classification to this portfolio of investments because these financial assets are held for the purpose of backing insurance liabilities to optimise portfolio returns while ensuring capital efficiency.

## 6. Investments (continued)

The Company's financial investments are summarised by categories as follows:

|   | <b>2025</b>       | <b>2024</b>       |
|---|-------------------|-------------------|
|   | <b>RM'000</b>     | <b>RM'000</b>     |
| FVTPL   | 11,092,712        | 10,272,688        |
| FVOCI   | 8,630,877         | 8,415,031         |
|   | <u>19,723,589</u> | <u>18,687,719</u> |
| The following investments expected to realise within 12 months: |                   |                   |
| FVTPL   | 4,540,631         | 4,562,850         |
| FVOCI   | 1,153,729         | 1,015,915         |
|   | <u>5,694,360</u>  | <u>5,578,765</u>  |
| The following investments expected to realise after 12 months:  |                   |                   |
| FVTPL   | 6,552,081         | 5,709,838         |
| FVOCI   | 7,477,148         | 7,399,116         |
|   | <u>14,029,229</u> | <u>13,108,954</u> |

## 6. Investments (continued)

The Company's financial investments are summarised by categories as follows:

|   | FVTPL<br>RM'000   | FVOCI<br>RM'000  | Total<br>RM'000   |
|---|-------------------|------------------|-------------------|
| <b>31 December 2025</b>                                   |                   |                  |                   |
| Malaysian government securities                           | 3,466,600         | 3,540,792        | 7,007,392         |
| Malaysian government guaranteed bonds                     | 1,019,979         | 1,700,299        | 2,720,278         |
| Quoted equity securities of corporations in Malaysia      | 3,328,077         | 641,436          | 3,969,513         |
| Quoted equity securities of corporations outside Malaysia | 6,398             | -                | 6,398             |
| Unquoted equity securities of corporations in Malaysia    | -                 | 31,980           | 31,980            |
| Unquoted bonds of corporations in Malaysia                | 2,228,654         | 2,302,529        | 4,531,183         |
| Unquoted bonds of corporations outside Malaysia           | -                 | 88,908           | 88,908            |
| Quoted unit trusts in Malaysia                            | 80,973            | -                | 80,973            |
| Unquoted unit trusts in Malaysia                          | 50,116            | -                | 50,116            |
| Unquoted unit trusts outside Malaysia                     | 719,863           | -                | 719,863           |
| Fixed deposits with licensed banks                        | 116,952           | 323,687          | 440,639           |
| Structured deposits                                       | 75,100            | -                | 75,100            |
| Other investments   | -                 | 1,246            | 1,246             |
| <b>Total investment assets</b>                            | <b>11,092,712</b> | <b>8,630,877</b> | <b>19,723,589</b> |
|   |                   |                  |                   |
|   | FVTPL<br>RM'000   | FVOCI<br>RM'000  | Total<br>RM'000   |
| <b>31 December 2024</b>                                   |                   |                  |                   |
| Malaysian government securities                           | 3,098,143         | 3,380,141        | 6,478,284         |
| Malaysian government guaranteed bonds                     | 1,019,616         | 1,715,301        | 2,734,917         |
| Quoted equity securities of corporations in Malaysia      | 3,253,494         | 623,299          | 3,876,793         |
| Quoted equity securities of corporations outside Malaysia | 17,329            | -                | 17,329            |
| Unquoted equity securities of corporations in Malaysia    | -                 | 32,321           | 32,321            |
| Unquoted bonds of corporations in Malaysia                | 2,202,997         | 2,396,890        | 4,599,887         |
| Unquoted bonds of corporations outside Malaysia           | -                 | 104,244          | 104,244           |
| Quoted unit trusts in Malaysia                            | 90,271            | -                | 90,271            |
| Unquoted unit trusts in Malaysia                          | 47,997            | -                | 47,997            |
| Unquoted unit trusts outside Malaysia                     | 467,877           | -                | 467,877           |
| Fixed deposits with licensed banks                        | 74,964            | 159,040          | 234,004           |
| Other investments   | -                 | 3,795            | 3,795             |
| <b>Total investment assets</b>                            | <b>10,272,688</b> | <b>8,415,031</b> | <b>18,687,719</b> |

## 6. Investments (continued)

### Movements in carrying values of financial instruments

|  | FVTPL<br>RM'000   | FVOCI<br>RM'000  | Total<br>RM'000   |
|--|-------------------|------------------|-------------------|
| <b>At 1 January 2025</b>                     | 10,272,688        | 8,415,031        | 18,687,719        |
| Purchases/Placements                         | 2,469,484         | 1,289,276        | 3,758,760         |
| Maturities                                   | (530,775)         | (908,845)        | (1,439,620)       |
| Disposals                                    | (1,262,457)       | (274,730)        | (1,537,187)       |
| Fair value gains recorded in profit or loss: |                   |                  |                   |
| - Unrealised gains                           | 198,454           | -                | 198,454           |
| Other comprehensive income                   | -                 | 127,982          | 127,982           |
| Amortisation of premiums                     | (7,906)           | (12,925)         | (20,831)          |
| Accretion of discounts                       | 2,036             | 2,201            | 4,237             |
| Unrealised foreign exchange losses           | (54,939)          | (9,336)          | (64,275)          |
| Movement in income due and accrued           | 6,127             | 2,223            | 8,350             |
| <b>At 31 December 2025</b>                   | <b>11,092,712</b> | <b>8,630,877</b> | <b>19,723,589</b> |
|  | FVTPL<br>RM'000   | FVOCI<br>RM'000  | Total<br>RM'000   |
| <b>At 1 January 2024</b>                     | 9,074,029         | 7,998,114        | 17,072,143        |
| Purchases/Placements                         | 2,994,372         | 1,565,957        | 4,560,329         |
| Maturities                                   | (381,236)         | (741,201)        | (1,122,437)       |
| Disposals                                    | (1,788,056)       | (489,382)        | (2,277,438)       |
| Fair value gains recorded in profit or loss: |                   |                  |                   |
| - Unrealised gains                           | 408,121           | -                | 408,121           |
| Other comprehensive income                   | -                 | 103,211          | 103,211           |
| Amortisation of premiums                     | (7,870)           | (9,069)          | (16,939)          |
| Accretion of discount                        | 1,488             | (1,851)          | (363)             |
| Unrealised foreign exchange losses           | (26,915)          | (3,313)          | (30,228)          |
| Movement in income due and accrued           | (1,245)           | (7,435)          | (8,680)           |
| <b>At 31 December 2024</b>                   | <b>10,272,688</b> | <b>8,415,031</b> | <b>18,687,719</b> |

## 6. Investments (continued)

### Amounts arising from expected credit loss

The following tables explain the changes in the loss allowance for FVOCI debt securities between the beginning and the end of the annual period:

|                                       | Stage 1<br>(12-month ECL)                   |                                    | Stage 2<br>(Lifetime ECL)                   |                                    | Stage 3<br>(Lifetime ECL - credit impaired) |                                    | Total                                       |                                    |
|---------------------------------------|---|------------------------------------|---|------------------------------------|---|------------------------------------|---|------------------------------------|
|                                       | Carrying<br>amount,<br>net of ECL<br>RM'000 | Related ECL<br>allowance<br>RM'000 | Carrying<br>amount,<br>net of ECL<br>RM'000 | Related ECL<br>allowance<br>RM'000 | Carrying<br>amount,<br>net of ECL<br>RM'000 | Related ECL<br>allowance<br>RM'000 | Carrying<br>amount,<br>net of ECL<br>RM'000 | Related ECL<br>allowance<br>RM'000 |
| <b>Balance as at 1 January 2025</b>   | 7,759,411                                   | (3,111)                            | -   | -                                  | -   | -                                  | 7,759,411                                   | (3,111)                            |
| Transfer between stages (a)           | -   | -                                  | -   | -                                  | -   | -                                  | -   | -                                  |
| Originated or purchased               | 1,116,945                                   | (564)                              | -   | -                                  | -   | -                                  | 1,116,945                                   | (564)                              |
| Matured or sold                       | (1,003,816)                                 | 53                                 | -   | -                                  | -   | -                                  | (1,003,816)                                 | 53                                 |
| Remeasurements (b)                    | 84,921                                      | 643                                | -   | -                                  | -   | -                                  | 84,921                                      | 643                                |
| <b>Net charge for the year</b> (c)    | 198,050                                     | 132                                | -   | -                                  | -   | -                                  | 198,050                                     | 132                                |
| <b>Balance as at 31 December 2025</b> | <b>7,957,461</b>                            | <b>(2,979)</b>                     | -   | -                                  | -   | -                                  | <b>7,957,461</b>                            | <b>(2,979)</b>                     |

(a) There have been no transfers between Stage 1, 2 or 3

(b) Includes releases of ECL allowance.

(c) There have been no write-offs or recoveries to write-offs during the year.

## 6. Investments (continued)

### Amounts arising from expected credit loss (continued)

The following tables explain the changes in the loss allowance for FVOCI debt securities between the beginning and the end of the annual period: (continued)

|                                       | Stage 1<br>(12-month ECL)                   |                                    | Stage 2<br>(Lifetime ECL)                   |                                    | Stage 3<br>(Lifetime ECL - credit impaired) |                                    | Total                                       |                                    |
|---------------------------------------|---|------------------------------------|---|------------------------------------|---|------------------------------------|---|------------------------------------|
|                                       | Carrying<br>amount,<br>net of ECL<br>RM'000 | Related ECL<br>allowance<br>RM'000 | Carrying<br>amount,<br>net of ECL<br>RM'000 | Related ECL<br>allowance<br>RM'000 | Carrying<br>amount,<br>net of ECL<br>RM'000 | Related ECL<br>allowance<br>RM'000 | Carrying<br>amount,<br>net of ECL<br>RM'000 | Related ECL<br>allowance<br>RM'000 |
| <b>Balance as at 1 January 2024</b>   | 7,351,120                                   | (3,268)                            | -   | -                                  | -   | -                                  | 7,351,120                                   | (3,268)                            |
| Transfer between stages (a)           | -   | -                                  | -   | -                                  | -   | -                                  | -   | -                                  |
| Originated or purchased               | 1,290,425                                   | (798)                              | -   | -                                  | -   | -                                  | 1,290,425                                   | (798)                              |
| Matured or sold                       | (871,494)                                   | 79                                 | -   | -                                  | -   | -                                  | (871,494)                                   | 79                                 |
| Remeasurements (b)                    | (10,640)                                    | 876                                | -   | -                                  | -   | -                                  | (10,640)                                    | 876                                |
| <b>Net charge for the year</b> (c)    | 408,291                                     | 157                                | -   | -                                  | -   | -                                  | 408,291                                     | 157                                |
| <b>Balance as at 31 December 2024</b> | <b>7,759,411</b>                            | <b>(3,111)</b>                     | -   | -                                  | -   | -                                  | <b>7,759,411</b>                            | <b>(3,111)</b>                     |

(a) There have been no transfers between Stage 1, 2 or 3

(b) Includes releases of ECL allowance.

(c) There have been no write-offs or recoveries to write-offs during the year.

## 7. Derivative financial assets/ (liabilities)

|                                    | Nominal<br>value<br>RM'000 | Assets<br>RM'000 | Liabilities<br>RM'000 |
|------------------------------------|----------------------------|------------------|-----------------------|
| <b>2025</b>                        |                            |                  |                       |
| Collateralised interest rate swap  | 400,000                    | 10,403           | -                     |
| Cross currency swap                | 90,703                     | 3,687            | -                     |
| Foreign currency forward contracts | 70,809                     | 572              | -                     |
|                                    | <u>561,512</u>             | <u>14,662</u>    | <u>-</u>              |
| <b>2024</b>                        |                            |                  |                       |
| Collateralised interest rate swap  | 400,000                    | 12,934           | -                     |
| Cross currency swap                | 98,740                     | 150              | (3,107)               |
|                                    | <u>498,740</u>             | <u>13,084</u>    | <u>(3,107)</u>        |

The Company uses interest rate swap and cross currency swap to mitigate the changes in fair value of local and foreign currency-denominated debt securities due to movements in interest rates or foreign exchange rates.

|   | 2025<br>RM'000 | 2024<br>RM'000 |
|---|----------------|----------------|
| Derivative assets expected to realise within 12 months      | 4,259          | 150            |
| Derivative assets expected to realise after 12 months       | 10,403         | 12,934         |
|   | <u>14,662</u>  | <u>13,084</u>  |
| Derivative liabilities expected to realise within 12 months | -              | -              |
| Derivative liabilities expected to realise after 12 months  | -              | (3,107)        |
|   | <u>-</u>       | <u>(3,107)</u> |

## 8. Other assets

|   | 2025<br>RM'000 | 2024<br>RM'000 |
|---|----------------|----------------|
| <b>Non-current</b>                          |                |                |
| <b>Staff loans - FVOCI</b>                  |                |                |
| Mortgage loan                               | 992            | 877            |
| Other secured loans                         | 25             | 41             |
|   | <u>1,017</u>   | <u>918</u>     |
| <b>Other receivables - AC</b>               |                |                |
| Other receivables, deposits and prepayments | 18,427         | 12,692         |
|   | <u>18,427</u>  | <u>12,692</u>  |
|   | <u>19,444</u>  | <u>13,610</u>  |
| <b>Current</b>                              |                |                |
| <b>Staff loans - FVOCI</b>                  |                |                |
| Mortgage loan                               | 126            | 101            |
| Other secured loans                         | 20             | 39             |
|   | <u>146</u>     | <u>140</u>     |
| <b>Other receivables - AC</b>               |                |                |
| Dividend receivables                        | 2,594          | 2,252          |
| Sundry deposits                             | 1,737          | 1,510          |
| Prepayment                                  | 5,225          | 4,988          |
| Sales contract outstanding                  | 3,874          | 18             |
| Other receivables                           | 31,138         | 37,603         |
|   | <u>44,568</u>  | <u>46,371</u>  |
|   | <u>44,714</u>  | <u>46,511</u>  |
| <b>Total</b>                                | <u>64,158</u>  | <u>60,121</u>  |

## 9. Share capital

|                                   | 2025             |         | 2024             |         |
|-----------------------------------|------------------|---------|------------------|---------|
|                                   | Number of shares | Amount  | Number of shares | Amount  |
|                                   | '000             | RM'000  | '000             | RM'000  |
| <b>Issued and fully paid up:</b>  |                  |         |                  |         |
| Ordinary shares                   |                  |         |                  |         |
| On issue at 1 January/31 December | 236,600          | 236,600 | 236,600          | 236,600 |

### Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

## 10. Reserves

### FVOCI reserves

The FVOCI reserves comprise:

- a) The cumulative net change in the fair value of FVOCI financial assets (including participating fund's portion of the accumulated fair value changes of FVOCI underlying items) until the investments are derecognised or impaired; and
- b) ECL reserves representing the cumulative net change in the ECL.

### Insurance finance reserves

The insurance finance reserves comprise the cumulative insurance finance income and expenses on insurance contracts issued and reinsurance contracts held recognised in OCI (including an equal and opposite insurance finance reserve of participating fund's FVOCI underlying items) as disclosed in Note 19.

### Other reserves

The other reserves represent the surplus on revaluation of land and buildings.

### Retained earnings

#### Restriction on payment of dividends

Pursuant to the RBC Framework for Insurers, the Company shall not pay dividends if its Capital Adequacy Ratio position is less than the Company's internal target capital level or if the payment of dividend would impair its Capital Adequacy Ratio position to below its internal target capital level.

Pursuant to Section 51(1) of the Financial Services Act, 2013 ("FSA 2013"), the Company is required to obtain Bank Negara Malaysia's ("BNM") written approval prior to declaring or paying any dividend on its shares.

## 11. Deferred tax liabilities

### 11.1 Recognised deferred tax assets and liabilities are attributable to the following:

|  | Assets         |                | Liabilities      |                  | Net              |                  |
|--|----------------|----------------|------------------|------------------|------------------|------------------|
|  | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000   | 2024<br>RM'000   | 2025<br>RM'000   | 2024<br>RM'000   |
| Property, plant and equipment                      | -              | -              | (972)            | (421)            | (972)            | (421)            |
| Retained earnings - Life funds                     | -              | -              | (549,241)        | (588,344)        | (549,241)        | (588,344)        |
| Investments  |                |                |                  |                  |                  |                  |
| - Recognised in profit & loss ("PL")               | -              | -              | (43,981)         | (34,221)         | (43,981)         | (34,221)         |
| - Recognised in other comprehensive income ("OCI") | -              | -              | (35,626)         | (24,527)         | (35,626)         | (24,527)         |
| Insurance contract liabilities                     |                |                |                  |                  |                  |                  |
| - Recognised in PL                                 | 60,149         | 50,191         | -                | -                | 60,149           | 50,191           |
| - Recognised in OCI                                | 30,395         | 19,313         | -                | -                | 30,395           | 19,313           |
| Reinsurance contract liabilities                   |                |                |                  |                  |                  |                  |
| - Recognised in OCI                                | 1,996          | 1,142          | -                | -                | 1,996            | 1,142            |
| Expected credit losses                             |                |                |                  |                  |                  |                  |
| - Recognised in PL                                 | 252            | 260            | -                | -                | 252              | 260              |
| - Recognised in OCI                                | -              | -              | (252)            | (260)            | (252)            | (260)            |
| Revaluation reserve                                | -              | -              | (1,170)          | (1,170)          | (1,170)          | (1,170)          |
| <b>Net tax assets/(liabilities)</b>                | <b>92,792</b>  | <b>70,906</b>  | <b>(631,242)</b> | <b>(648,943)</b> | <b>(538,450)</b> | <b>(578,037)</b> |
|  |                |                |                  |                  | <b>2025</b>      | <b>2024</b>      |
|  |                |                |                  |                  | <b>RM'000</b>    | <b>RM'000</b>    |
| <b>Deferred tax assets to be recovered:</b>        |                |                |                  |                  |                  |                  |
| - After 12 months                                  |                |                |                  |                  | 92,792           | 70,906           |
| <b>Deferred tax liabilities to be settled:</b>     |                |                |                  |                  |                  |                  |
| - After 12 months                                  |                |                |                  |                  | (631,242)        | (648,943)        |
| <b>Total deferred tax liabilities</b>              |                |                |                  |                  | <b>(538,450)</b> | <b>(578,037)</b> |

## 11. Deferred tax liabilities (continued)

### 11.2 Movement in temporary differences during the year

|                                     | At 1 January<br>2024 | Recognised in<br>profit or loss<br>Note 21(a) | Recognised in<br>other comprehensive<br>income ("OCI")<br>Note 21(c) | Recognised in<br>insurance contract<br>liabilities | At 31 December 2024/<br>1 January<br>2025 | Recognised in<br>profit or loss<br>Note 21(a) | Recognised in other<br>comprehensive<br>income ("OCI")<br>Note 21(c) | At 31 December<br>2025 |
|-------------------------------------|----------------------|---|--|--|---|---|--|------------------------|
|                                     | RM'000               | RM'000  | RM'000   | RM'000   | RM'000                                    | RM'000  | RM'000   | RM'000                 |
| Property, plant and equipment       | (535)                | 114   | -  | -  | (421)                                     | (551)   | -  | (972)                  |
| Retained earnings - Life funds      | (549,601)            | (38,743)                                      | -  | -  | (588,344)                                 | 39,103  | -  | (549,241)              |
| Investments                         |                      |   |  |  |   |   |  |                        |
| - Recognised in PL                  | (5,047)              | 636   | -  | (29,810)   | (34,221)                                  | (9,760)                                       | -  | (43,981)               |
| - Recognised in OCI                 | (11,291)             | -   | (13,236)   | -  | (24,527)                                  | -   | (11,099)   | (35,626)               |
| Insurance contract liabilities      |                      |   |  |  |   |   |  |                        |
| - Recognised in PL                  | 38,979               | 11,212  | -  | -  | 50,191                                    | 9,958   | -  | 60,149                 |
| - Recognised in OCI                 | 12,696               | -   | 6,617  | -  | 19,313                                    | -   | 11,082   | 30,395                 |
| Reinsurance contract liabilities    |                      |   |  |  |   |   |  |                        |
| - Recognised in OCI                 | 976                  | -   | 166  | -  | 1,142                                     | -   | 854  | 1,996                  |
| Expected credit losses              |                      |   |  |  |   |   |  |                        |
| - Recognised in PL                  | 274                  | (14)  | -  | -  | 260                                       | (8)   | -  | 252                    |
| - Recognised in OCI                 | (274)                | -   | 14   | -  | (260)                                     | -   | 8  | (252)                  |
| Revaluation reserve                 | (1,170)              | -   | -  | -  | (1,170)                                   | -   | -  | (1,170)                |
| <b>Net tax (liabilities)/assets</b> | <b>(514,993)</b>     | <b>(26,795)</b>                               | <b>(6,439)</b>   | <b>(29,810)</b>                                    | <b>(578,037)</b>                          | <b>38,742</b>                                 | <b>845</b>   | <b>(538,450)</b>       |

## 12. Insurance contract liabilities

|   | 2025<br>RM'000    | 2024<br>RM'000    |
|---|-------------------|-------------------|
| Contracts not measured under PAA                            | 16,648,410        | 16,020,311        |
| Contracts measured under PAA                                | 343,506           | 356,472           |
| <b>Total insurance contracts liabilities</b>                | <b>16,991,916</b> | <b>16,376,783</b> |
| Amount expected to be recovered/settled within 12 months    | 2,482,481         | 2,303,291         |
| Amount expected to be recovered/settled more than 12 months | 14,509,435        | 14,073,492        |
|   | <b>16,991,916</b> | <b>16,376,783</b> |

### A. Movements in carrying amounts

Analysis by remaining coverage and incurred claims - Contracts not measured under PAA

|  | 2025  |                          |  | Total<br>RM'000   |
|--|---|--------------------------|--|-------------------|
|  | Liabilities for remaining coverage<br>Excluding<br>loss component<br>RM'000 | Loss component<br>RM'000 | Liabilities for<br>incurred claims<br>RM'000 |                   |
| <b>At 1 January 2025</b>   | 14,477,865  | 10,245                   | 1,532,201                                    | 16,020,311        |
| <b>Insurance revenue</b>   | (2,147,760)   | -                        | -  | (2,147,760)       |
| <b>Insurance service expenses</b>  |   |                          |  |                   |
| Incurred claims and other insurance service expenses                                 | 72,254  | -                        | 1,240,504                                    | 1,312,758         |
| Amortisation of insurance acquisition cash flows                                     | 463,608   | -                        | -  | 463,608           |
| Reversal of losses on onerous contracts  | -   | (640)                    | -  | (640)             |
|  | 535,862   | (640)                    | 1,240,504                                    | 1,775,726         |
| <b>Insurance service result</b>  | (1,611,898)   | (640)                    | 1,240,504                                    | (372,034)         |
| Net finance expenses from insurance contracts  | 664,136   | -                        | 16,659                                       | 680,795           |
| <b>Net insurance and investment results</b>  | <b>(947,762)</b>  | <b>(640)</b>             | <b>1,257,163</b>                             | <b>308,761</b>    |
| Investment components  | (1,386,138)   | -                        | 1,386,138                                    | -                 |
| <b>Cash flows</b>  |   |                          |  |                   |
| Premium received   | 3,451,767   | -                        | -  | 3,451,767         |
| Claims and other insurance service expenses paid,<br>including investment components | -   | -                        | (2,501,377)                                  | (2,501,377)       |
| Insurance acquisition cash flows   | (606,305)   | -                        | -  | (606,305)         |
| <b>Total cash flows</b>  | <b>2,845,462</b>  | <b>-</b>                 | <b>(2,501,377)</b>                           | <b>344,085</b>    |
| Other underlying items   | (24,747)  | -                        | -  | (24,747)          |
| <b>At 31 December 2025</b>   | <b>14,964,680</b>   | <b>9,605</b>             | <b>1,674,125</b>                             | <b>16,648,410</b> |

## 12. Insurance contract liabilities (continued)

### A. Movements in carrying amounts (continued)

#### Reconciliation of the measurement components of insurance contract balances - Contracts not measured under PAA

|  | 2025  |   |  |                 |
|--|---|---|--|-----------------|
|  | Estimate of<br>present value<br>of future cash<br>flows<br>RM'000 | Risk<br>adjustment for<br>non-financial<br>risk<br>RM'000 | Contractual<br>service<br>margin<br>RM'000 | Total<br>RM'000 |
| <b>At 1 January 2025</b>   | 12,020,631  | 460,840   | 3,538,840                                  | 16,020,311      |
| <b>Changes that relate to current services</b>                                       |   |   |  |                 |
| CSM recognised for services provided   | -   | -   | (510,059)                                  | (510,059)       |
| Change in risk adjustment for non-financial risk<br>for risk expired                 | -   | (63,334)  | -  | (63,334)        |
| Experience adjustments   | 201,999   | -   | -  | 201,999         |
| <b>Changes that relate to future services</b>  |   |   |  |                 |
| Contracts initially recognised in the year   | (596,886)   | 96,435  | 500,451                                    | -               |
| Changes in estimates that adjust the CSM   | (167,528)   | (25,826)  | 193,354                                    | -               |
| Changes in estimates that result in<br>reversal of losses on onerous contracts       | (640)   | -   | -  | (640)           |
| <b>Insurance service result</b>  | (563,055)   | 7,275   | 183,746                                    | (372,034)       |
| Net finance expenses from insurance contracts  | 677,974   | 115   | 2,706                                      | 680,795         |
| <b>Net insurance and investment results</b>  | 114,919   | 7,390   | 186,452                                    | 308,761         |
| <b>Cash flows</b>  |   |   |  |                 |
| Premium received   | 3,451,767   | -   | -  | 3,451,767       |
| Claims and other insurance service expenses<br>paid, including investment components | (2,501,377)   | -   | -  | (2,501,377)     |
| Insurance acquisition cash flows   | (606,305)   | -   | -  | (606,305)       |
| <b>Total cash flows</b>  | 344,085   | -   | -  | 344,085         |
| Other underlying items   | (24,747)  | -   | -  | (24,747)        |
| <b>At 31 December 2025</b>   | 12,454,888  | 468,230   | 3,725,292                                  | 16,648,410      |

Note 16

## 12. Insurance contract liabilities (continued)

### A. Movements in carrying amounts (continued)

Analysis by remaining coverage and incurred claims - Contracts measured under PAA

|  | Liabilities for remaining coverage    |                          | 2025<br>Liabilities for incurred claims                        |  | Total<br>RM'000 |
|--|---------------------------------------|--------------------------|--|--|-----------------|
|  | Excluding<br>loss component<br>RM'000 | Loss component<br>RM'000 | Estimate of<br>present value of<br>future cash flows<br>RM'000 | Risk adjustment<br>for non-financial<br>risk<br>RM'000 |                 |
| <b>At 1 January 2025</b>   | 123,921                               | -                        | 216,321  | 16,230   | 356,472         |
| <b>Insurance revenue</b>   | (509,410)                             | -                        | -  | -  | (509,410)       |
| <b>Insurance service expenses</b>  |                                       |                          |  |  |                 |
| Incurred claims and other insurance service expenses                                 | -                                     | -                        | 344,268  | 1,314  | 345,582         |
| Amortisation of insurance acquisition cash flows                                     | 48,989                                | -                        | -  | -  | 48,989          |
|  | 48,989                                | -                        | 344,268  | 1,314  | 394,571         |
| <b>Net insurance and investment results</b>  | (460,421)                             | -                        | 344,268  | 1,314  | (114,839)       |
| Investment components  | (1,452)                               | -                        | 1,452  | -  | -               |
| <b>Cash flows</b>  |                                       |                          |  |  |                 |
| Premium received   | 540,992                               | -                        | -  | -  | 540,992         |
| Claims and other insurance service expenses paid,<br>including investment components | -                                     | -                        | (387,480)  | -  | (387,480)       |
| Insurance acquisition cash flows   | (51,639)                              | -                        | -  | -  | (51,639)        |
| <b>Total cash flows</b>  | 489,353                               | -                        | (387,480)  | -  | 101,873         |
| <b>At 31 December 2025</b>   | 151,401                               | -                        | 174,561  | 17,544   | 343,506         |

## 12. Insurance contract liabilities (continued)

### A. Movements in carrying amounts (continued)

Analysis by remaining coverage and incurred claims - Contracts not measured under PAA

|  | 2024                                  |                          |  | Total<br>RM'000 |
|--|---------------------------------------|--------------------------|--|-----------------|
|  | Liabilities for remaining coverage    |                          | Liabilities for<br>incurred claims<br>RM'000 |                 |
|  | Excluding<br>loss component<br>RM'000 | Loss component<br>RM'000 |  |                 |
| <b>At 1 January 2024</b>   | 13,273,364                            | 11,774                   | 1,453,139                                    | 14,738,277      |
| <b>Insurance revenue</b>   | (1,992,420)                           | -                        | -  | (1,992,420)     |
| <b>Insurance service expenses</b>  |                                       |                          |  |                 |
| Incurred claims and other insurance service expenses                                 | 77,818                                | -                        | 1,052,788                                    | 1,130,606       |
| Amortisation of insurance acquisition cash flows                                     | 433,907                               | -                        | -  | 433,907         |
| Reversal of losses on onerous contracts  | -                                     | (1,529)                  | -  | (1,529)         |
|  | 511,725                               | (1,529)                  | 1,052,788                                    | 1,562,984       |
| <b>Insurance service result</b>  | (1,480,695)                           | (1,529)                  | 1,052,788                                    | (429,436)       |
| Net finance expenses from insurance contracts  | 1,189,314                             | -                        | -  | 1,189,314       |
| <b>Net insurance and investment results</b>  | (291,381)                             | (1,529)                  | 1,052,788                                    | 759,878         |
| Investment components  | (1,199,009)                           | -                        | 1,199,009                                    | -               |
| <b>Cash flows</b>  |                                       |                          |  |                 |
| Premium received   | 3,336,134                             | -                        | -  | 3,336,134       |
| Claims and other insurance service expenses paid,<br>including investment components | -                                     | -                        | (2,172,735)                                  | (2,172,735)     |
| Insurance acquisition cash flows   | (626,233)                             | -                        | -  | (626,233)       |
| <b>Total cash flows</b>  | 2,709,901                             | -                        | (2,172,735)                                  | 537,166         |
| Other underlying items   | (15,010)                              | -                        | -  | (15,010)        |
| <b>At 31 December 2024</b>   | 14,477,865                            | 10,245                   | 1,532,201                                    | 16,020,311      |

**12. Insurance contract liabilities (continued)****A. Movements in carrying amounts (continued)**Reconciliation of the measurement components of insurance contract balances - Contracts not measured under PAA

|  | 2024  |   |  |                 |
|--|---|---|--|-----------------|
|  | Estimate of<br>present value<br>of future cash<br>flows<br>RM'000 | Risk<br>adjustment for<br>non-financial<br>risk<br>RM'000 | Contractual<br>service<br>margin<br>RM'000 | Total<br>RM'000 |
| <b>At 1 January 2024</b>   | 11,066,847  | 423,195   | 3,248,235                                  | 14,738,277      |
| <u>Changes that relate to current services</u>                                       |   |   |  |                 |
| CSM recognised for services provided   | -   | -   | (487,092)                                  | (487,092)       |
| Change in risk adjustment for non-financial risk<br>for risk expired                 | -   | (60,444)  | -  | (60,444)        |
| Experience adjustments   | 119,629   | -   | -  | 119,629         |
| <u>Changes that relate to future services</u>  |   |   |  |                 |
| Contracts initially recognised in the year   | (564,742)   | 76,658  | 488,084                                    | -               |
| Changes in estimates that adjust the CSM   | (308,080)   | 21,316  | 286,764                                    | -               |
| Changes in estimates that result in<br>reversal of losses on onerous contracts       | (1,529)   | -   | -  | (1,529)         |
| <b>Insurance service result</b>  | (754,722)   | 37,530  | 287,756                                    | (429,436)       |
| Net finance expenses from insurance contracts  | 1,186,350   | 115   | 2,849                                      | 1,189,314       |
| <b>Net insurance and investment results</b>  | 431,628   | 37,645  | 290,605                                    | 759,878         |
| <b>Cash flows</b>  |   |   |  |                 |
| Premium received   | 3,336,134   | -   | -  | 3,336,134       |
| Claims and other insurance service expenses<br>paid, including investment components | (2,172,735)   | -   | -  | (2,172,735)     |
| Insurance acquisition cash flows   | (626,233)   | -   | -  | (626,233)       |
| <b>Total cash flows</b>  | 537,166   | -   | -  | 537,166         |
| Other underlying items   | (15,010)  | -   | -  | (15,010)        |
| <b>At 31 December 2024</b>   | 12,020,631  | 460,840   | 3,538,840                                  | 16,020,311      |

**Note 16**

**12. Insurance contract liabilities (continued)****A. Movements in carrying amounts (continued)**

Analysis by remaining coverage and incurred claims - Contracts measured under PAA

|  | 2024                                  |                          |  |  | Total<br>RM'000 |
|--|---------------------------------------|--------------------------|--|--|-----------------|
|  | Liabilities for remaining coverage    |                          | Liabilities for incurred claims                                |  |                 |
|  | Excluding<br>loss component<br>RM'000 | Loss component<br>RM'000 | Estimate of<br>present value of<br>future cash flows<br>RM'000 | Risk adjustment<br>for non-financial<br>risk<br>RM'000 |                 |
| <b>At 1 January 2024</b>   | 99,847                                | -                        | 190,060  | 15,136   | 305,043         |
| <b>Insurance revenue</b>   | (440,058)                             | -                        | -  | -  | (440,058)       |
| <b>Insurance service expenses</b>  |                                       |                          |  |  |                 |
| Incurred claims and other insurance service expenses                                 | -                                     | -                        | 377,831  | 1,094  | 378,925         |
| Amortisation of insurance acquisition cash flows                                     | 44,764                                | -                        | -  | -  | 44,764          |
|  | 44,764                                | -                        | 377,831  | 1,094  | 423,689         |
| <b>Net insurance and investment results</b>  | (395,294)                             | -                        | 377,831  | 1,094  | (16,369)        |
| Investment components  | (4,474)                               | -                        | 4,474  | -  | -               |
| <b>Cash flows</b>  |                                       |                          |  |  |                 |
| Premium received   | 470,043                               | -                        | -  | -  | 470,043         |
| Claims and other insurance service expenses paid,<br>including investment components | -                                     | -                        | (356,044)  | -  | (356,044)       |
| Insurance acquisition cash flows   | (46,201)                              | -                        | -  | -  | (46,201)        |
| <b>Total cash flows</b>  | 423,842                               | -                        | (356,044)  | -  | 67,798          |
| <b>At 31 December 2024</b>   | 123,921                               | -                        | 216,321  | 16,230   | 356,472         |

## 12. Insurance contract liabilities (continued)

### B. Effect of contracts initially recognised in the year - Contracts not measured under PAA

|   | 2025<br>Profitable<br>contracts issued<br>RM'000 | 2024<br>Profitable<br>contracts issued<br>RM'000 |
|---|--|--|
| Insurance acquisition cash flows  | 734,071  | 607,686  |
| Claims and other insurance service expenses payable                         | 1,590,896  | 1,041,306  |
| Estimates of present value of cash outflows                                 | 2,324,967  | 1,648,992  |
| Estimates of present value of cash inflows                                  | (2,921,853)                                      | (2,213,734)                                      |
| Risk adjustment for non-financial risk                                      | 96,435   | 76,658   |
| CSM   | 500,451  | 488,084  |
| <b>Insurance contract liabilities from contracts recognised in the year</b> | <b>-</b>   | <b>-</b>   |

### C. Expected recognition of the contractual service margin

|                  | 1 year or less<br>RM'000 | >1 year<br>RM'000 | >2 years<br>RM'000 | >3 years<br>RM'000 | >4 years<br>RM'000 | >5 years<br>RM'000 | Total<br>RM'000 |
|------------------|--------------------------|-------------------|--------------------|--------------------|--------------------|--------------------|-----------------|
| 31 December 2025 | 481,694                  | 429,746           | 383,574            | 341,229            | 302,025            | 1,787,024          | 3,725,292       |
| 31 December 2024 | 453,311                  | 404,021           | 360,093            | 320,408            | 284,351            | 1,716,656          | 3,538,840       |

**13. Reinsurance contract (assets)/liabilities**

|   | 2025<br>RM'000 | 2024<br>RM'000 |
|---|----------------|----------------|
| Contracts not measured under PAA                            | 111,907        | 88,943         |
| Contracts measured under PAA                                | 29,319         | 43,238         |
| <b>Total reinsurance contracts liabilities</b>              | <b>141,226</b> | <b>132,181</b> |
| Amount expected to be recovered/settled within 12 months    | 35,635         | 35,936         |
| Amount expected to be recovered/settled more than 12 months | 105,591        | 96,245         |
|   | <b>141,226</b> | <b>132,181</b> |

**A. Movements in carrying amounts**Analysis by remaining coverage and incurred claims - Contracts not measured under PAA

|  | 2025<br>Liabilities for<br>remaining coverage<br>excluding<br>loss component<br>RM'000 | Assets for<br>incurred claims<br>RM'000 | Total<br>RM'000 |
|--|--|---|-----------------|
| <b>Net reinsurance contract liabilities/ (assets) as at 1 January</b>                | <b>166,313</b>   | <b>(77,370)</b>                         | <b>88,943</b>   |
| <b>Reinsurance expenses</b>  | 144,931  | -                                       | 144,931         |
| <b>Reinsurance recoveries</b>  |  |   |                 |
| Incurred claims and other reinsurance service expenses                               | -  | (117,982)                               | (117,982)       |
| Adjustments to liabilities for incurred claims                                       | -  | (867)                                   | (867)           |
|  | -  | (118,849)                               | (118,849)       |
| <b>Expense/(income) from reinsurance contracts held</b>                              | <b>144,931</b>   | <b>(118,849)</b>                        | <b>26,082</b>   |
| Net reinsurance finance expense  | 2,190  | -                                       | 2,190           |
| <b>Net expense/(income) from reinsurance contracts held</b>                          | <b>147,121</b>   | <b>(118,849)</b>                        | <b>28,272</b>   |
| <b>Cash flows</b>  |  |   |                 |
| Premium paid   | (137,042)  | -                                       | (137,042)       |
| Deposit paid   | (1,661)  | -                                       | (1,661)         |
| Claims and other insurance service expenses paid,<br>including investment components | -  | 133,395                                 | 133,395         |
| <b>Total cash flows</b>  | <b>(138,703)</b>   | <b>133,395</b>                          | <b>(5,308)</b>  |
| <b>Reinsurance contract assets as at 31 December</b>                                 | <b>(470)</b>   | <b>(24,927)</b>                         | <b>(25,397)</b> |
| <b>Reinsurance contract liabilities as at 31 December</b>                            | <b>175,201</b>   | <b>(37,897)</b>                         | <b>137,304</b>  |
| <b>Net reinsurance contract liabilities/ (assets) as at 31 December</b>              | <b>174,731</b>   | <b>(62,824)</b>                         | <b>111,907</b>  |

### 13. Reinsurance contract (assets)/liabilities (continued)

#### A. Movements in carrying amounts (continued)

Reconciliation of the measurement components of insurance contract balances - Contracts not measured under PAA

|  | Estimate of<br>present value<br>of future cash<br>flows<br>RM'000 | 2025<br>Risk<br>adjustment for<br>non-financial<br>risk<br>RM'000 | Contractual<br>service<br>margin<br>RM'000 | Total<br>RM'000 |
|--|---|---|--|-----------------|
| <b>Net reinsurance contract liabilities/<br/>(assets) as at 1 January</b>            | 269,784   | (27,232)  | (153,609)                                  | 88,943          |
| <b>Changes in the statement of<br/>profit or loss and OCI</b>                        |   |   |  |                 |
| <u>Changes that relate to current services</u>                                       |   |   |  |                 |
| CSM recognised for services received   | -   | -   | 23,816                                     | 23,816          |
| Change in risk adjustment for<br>non-financial risk for risk expired                 | -   | 3,299   | -  | 3,299           |
| Experience adjustments   | (1,033)   | -   | -  | (1,033)         |
| <u>Changes that relate to future services</u>  |   |   |  |                 |
| Changes in estimates that adjust the CSM   | 24,722  | (2,611)   | (22,111)                                   | -               |
| <b>Expense from reinsurance<br/>contracts held</b>                                   | 23,689  | 688   | 1,705                                      | 26,082          |
| Net reinsurance finance expense/(income)   | 10,513  | (337)   | (7,986)                                    | 2,190           |
| <b>Net expense/(income) from<br/>reinsurance contracts held</b>                      | 34,202  | 351   | (6,281)                                    | 28,272          |
| <b>Cash flows</b>  |   |   |  |                 |
| Premium paid   | (137,042)   | -   | -  | (137,042)       |
| Deposit paid   | (1,661)   | -   | -  | (1,661)         |
| Claims and other insurance service expenses<br>paid, including investment components | 133,395   | -   | -  | 133,395         |
| <b>Total cash flows</b>  | (5,308)   | -   | -  | (5,308)         |
| <b>Reinsurance contract assets as at 31 December</b>                                 | (7,288)   | (5,109)   | (13,000)                                   | (25,397)        |
| <b>Reinsurance contract liabilities as at 31 December</b>                            | 305,966   | (21,772)  | (146,890)                                  | 137,304         |
| <b>Net reinsurance contract liabilities/<br/>(assets) as at 31 December</b>          | 298,678   | (26,881)  | (159,890)                                  | 111,907         |

Note 18

**13. Reinsurance contract (assets)/liabilities (continued)****A. Movements in carrying amounts (continued)**Analysis by remaining coverage and incurred claims - Contracts measured under PAA

|  | 2025   |   |                 |
|--|--|---|-----------------|
|  | Liabilities for<br>remaining coverage<br>excluding<br>loss component<br>RM'000 | Assets for<br>incurred claims<br>RM'000 | Total<br>RM'000 |
| <b>Net reinsurance contract liabilities as at 1 January</b>                          | 43,238   | -                                       | 43,238          |
| <b>Reinsurance expenses</b>  | 40,141   | -                                       | 40,141          |
| <b>Reinsurance recoveries</b>  |  |   |                 |
| Incurred claims and other reinsurance service expenses/(income)                      | 1,494  | (29,174)                                | (27,680)        |
| Adjustments to liabilities for incurred claims                                       | -  | (3,710)                                 | (3,710)         |
|  | 1,494  | (32,884)                                | (31,390)        |
| <b>Net expense/(income) from reinsurance contracts held</b>                          | 41,635   | (32,884)                                | 8,751           |
| <b>Cash flows</b>  |  |   |                 |
| Premium paid   | (40,054)   | (15,500)                                | (55,554)        |
| Claims and other insurance service expenses<br>paid, including investment components | -  | 32,884                                  | 32,884          |
| <b>Total cash flows</b>  | (40,054)   | 17,384                                  | (22,670)        |
| <b>Reinsurance contract assets as at 31 December</b>                                 | 67   | (39,313)                                | (39,246)        |
| <b>Reinsurance contract liabilities as at 31 December</b>                            | 44,752   | 23,813                                  | 68,565          |
| <b>Net reinsurance contract liabilities/ (assets) as at 31 December</b>              | 44,819   | (15,500)                                | 29,319          |

### 13. Reinsurance contract (assets)/liabilities (continued)

#### A. Movements in carrying amounts (continued)

Analysis by remaining coverage and incurred claims - Contracts not measured under PAA

|  | 2024   |   |                 |
|--|--|---|-----------------|
|  | Liabilities for<br>remaining coverage<br>excluding<br>loss component<br>RM'000 | Assets for<br>incurred claims<br>RM'000 | Total<br>RM'000 |
| <b>Net reinsurance contract liabilities/ (assets) as at 1 January</b>                | 86,992   | (41,887)                                | 45,105          |
| <b>Reinsurance expenses</b>  | 136,017  | -                                       | 136,017         |
| <b>Reinsurance recoveries</b>  |  |   |                 |
| Incurred claims and other reinsurance service expenses                               | (15,705)   | (113,295)                               | (129,000)       |
| Adjustments to liabilities for incurred claims                                       | -  | 9,657                                   | 9,657           |
|  | (15,705)   | (103,638)                               | (119,343)       |
| <b>Expense/(income) from reinsurance contracts held</b>                              | 120,312  | (103,638)                               | 16,674          |
| Net reinsurance finance income   | (335)  | -                                       | (335)           |
| <b>Net expense/(income) from reinsurance contracts held</b>                          | 119,977  | (103,638)                               | 16,339          |
| <b>Cash flows</b>  |  |   |                 |
| Premium paid   | (127,627)  | -                                       | (127,627)       |
| Deposit received   | 71,265   | -                                       | 71,265          |
| Claims and other insurance service expenses<br>paid, including investment components | -  | 68,155                                  | 68,155          |
| Insurance acquisition cash flows   | 15,706   | -                                       | 15,706          |
| <b>Total cash flows</b>  | (40,656)   | 68,155                                  | 27,499          |
| <b>Net reinsurance contract liabilities/ (assets) as at 31 December</b>              | 166,313  | (77,370)                                | 88,943          |

**13. Reinsurance contract (assets)/liabilities (continued)****A. Movements in carrying amounts (continued)**

Reconciliation of the measurement components of insurance contract balances - Contracts not measured under PAA

|  | Estimate of<br>present value<br>of future cash<br>flows<br>RM'000 | 2024<br>Risk<br>adjustment for<br>non-financial<br>risk<br>RM'000 | Contractual<br>service<br>margin<br>RM'000 | Total<br>RM'000 |
|--|---|---|--|-----------------|
| <b>Net reinsurance contract liabilities/<br/>(assets) as at 1 January</b>            | 213,253   | (25,537)  | (142,611)                                  | 45,105          |
| <b>Changes in the statement of<br/>profit or loss and OCI</b>                        |   |   |  |                 |
| <u>Changes that relate to current services</u>                                       |   |   |  |                 |
| CSM recognised for services received   | -   | -   | 23,497                                     | 23,497          |
| Change in risk adjustment for<br>non-financial risk for risk expired                 | -   | 3,386   | -  | 3,386           |
| Experience adjustments   | (10,209)  | -   | -  | (10,209)        |
| <u>Changes that relate to future services</u>  |   |   |  |                 |
| Contracts initially recognised in the year   | 205   | (7)   | (198)                                      | -               |
| Changes in estimates that adjust the CSM   | 31,374  | (4,849)   | (26,525)                                   | -               |
| <b>Expense/ (income) from<br/>reinsurance contracts held</b>                         | 21,370  | (1,470)   | (3,226)                                    | 16,674          |
| Net reinsurance finance expenses/(income)  | 7,662   | (225)   | (7,772)                                    | (335)           |
| <b>Net expense/(income) from<br/>reinsurance contracts held</b>                      | 29,032  | (1,695)   | (10,998)                                   | 16,339          |
| <b>Cash flows</b>  |   |   |  |                 |
| Premium paid   | (127,627)   | -   | -  | (127,627)       |
| Deposit received   | 71,265  | -   | -  | 71,265          |
| Claims and other insurance service expenses<br>paid, including investment components | 68,155  | -   | -  | 68,155          |
| Insurance acquisition cash flows   | 15,706  | -   | -  | 15,706          |
| <b>Total cash flows</b>  | 27,499  | -   | -  | 27,499          |
| <b>Net reinsurance contract liabilities/<br/>(assets) as at 31 December</b>          | 269,784   | (27,232)  | (153,609)                                  | 88,943          |

Note 18

**13. Reinsurance contract (assets)/liabilities (continued)****A. Movements in carrying amounts (continued)**

Analysis by remaining coverage and incurred claims - Contracts measured under PAA

|  | 2024   |  | Total<br>RM'000 |
|--|--|--|-----------------|
|  | Liabilities for<br>remaining coverage<br>excluding<br>loss component<br>RM'000 | Liabilities for<br>incurred claims<br>RM'000 |                 |
| <b>Net reinsurance contract liabilities as at 1 January</b>                          | 24,672   | -  | 24,672          |
| <b>Reinsurance expenses</b>  | 40,989   | -  | 40,989          |
| <b>Reinsurance recoveries</b>  |  |  |                 |
| Incurred claims and other<br>reinsurance service expenses/(income)                   | 19,129   | (25,091)                                     | (5,962)         |
| <b>Net expense/(income) from<br/>reinsurance contracts held</b>                      | 60,118   | (25,091)                                     | 35,027          |
| <b>Cash flows</b>  |  |  |                 |
| Premium paid   | (40,989)   | -  | (40,989)        |
| Claims and other insurance service expenses<br>paid, including investment components | -  | 25,091                                       | 25,091          |
| Insurance acquisition cash flows   | (563)  | -  | (563)           |
| <b>Total cash flows</b>  | (41,552)   | 25,091                                       | (16,461)        |
| <b>Net reinsurance contract liabilities as at 31 December</b>                        | 43,238   | -  | 43,238          |

### 13. Reinsurance contract (assets)/liabilities (continued)

#### B. Effect of contracts initially recognised in the year

|   | 2025<br>Contracts originated<br>not in a net gain<br>RM'000 | 2024<br>Contracts originated<br>not in a net gain<br>RM'000 |
|---|---|---|
| Estimates of present value of cash inflows                                    | -   | (1,949)   |
| Estimates of present value of cash outflows                                   | -   | 2,154   |
| Risk adjustment for non-financial risk  | -   | (7)   |
| CSM   | -   | (198)   |
| <b>Reinsurance contract liabilities from contracts recognised in the year</b> | <b>-</b>  | <b>-</b>  |

There are no reinsurance contracts held originated during 2025 and 2024 that are in a net gain.

#### C. Expected recognition of the Contractual service margin

|                  | 1 year or less<br>RM'000 | >1 year<br>RM'000 | >2 years<br>RM'000 | >3 years<br>RM'000 | >4 years<br>RM'000 | >5 years<br>RM'000 | Total<br>RM'000 |
|------------------|--------------------------|-------------------|--------------------|--------------------|--------------------|--------------------|-----------------|
| 31 December 2025 | (21,570)                 | (19,147)          | (17,020)           | (15,076)           | (13,278)           | (73,799)           | (159,890)       |
| 31 December 2024 | (19,885)                 | (17,831)          | (15,974)           | (14,252)           | (12,678)           | (72,989)           | (153,609)       |

## 14. Lease liabilities

|             | 2025<br>RM'000 | 2024<br>RM'000 |
|-------------|----------------|----------------|
| Non-current | 1,884          | 2,625          |
| Current     | 3,754          | 4,111          |
|             | <u>5,638</u>   | <u>6,736</u>   |

## 15. Other liabilities

|  | Note | 2025<br>RM'000 | 2024<br>RM'000 |
|--|------|----------------|----------------|
| <b>Current</b>                                 |      |                |                |
| Other payables                                 |      | 104,317        | 84,214         |
| Accrued expenses                               |      | 27,238         | 22,965         |
| Cash collateral payable                        |      | 6,240          | 6,240          |
| Due to agent and intermediaries                |      | 92,982         | 114,749        |
| Outstanding purchases of investment securities |      | 39,031         | 55,798         |
| Sundry creditors                               |      | 58,642         | 34,379         |
|  |      | <u>328,450</u> | <u>318,345</u> |
| Due to immediate holding company               | 15.1 | 3,115          | 2,798          |
| Due to related companies                       | 15.1 | 37,470         | 35,951         |
|  |      | <u>369,035</u> | <u>357,094</u> |

### 15.1 Amounts due to immediate holding company and related companies

The amounts due to ultimate holding company, immediate holding company and related companies are unsecured, interest free and repayable on demand.

## 16. Insurance revenue

|   | Note | 2025<br>RM'000          | 2024<br>RM'000          |
|---|------|-------------------------|-------------------------|
| <b><u>Contracts not measured under the PAA</u></b>                      |      |                         |                         |
| <b>Amount relating to changes in liabilities for remaining coverage</b> |      |                         |                         |
| - CSM recognised for services provided                                  | 12   | 510,059                 | 487,092                 |
| - Change in risk adjustment for non-financial risk for risk expired     | 12   | 63,334                  | 60,444                  |
| - Expected incurred claims and other insurance service expenses         |      | 1,110,759               | 1,010,977               |
| Recovery of insurance acquisition cash flows                            |      | 463,608                 | 433,907                 |
|   |      | <u>2,147,760</u>        | <u>1,992,420</u>        |
| <b>Contracts measured under the PAA</b>                                 |      | 509,410                 | 440,058                 |
| <b>Total insurance revenue</b>  | 12   | <u><u>2,657,170</u></u> | <u><u>2,432,478</u></u> |

## 16. Insurance revenue (continued)

Analysis of insurance revenue for insurance contracts issued and the CSM by transition method is included in the following tables.

|   | Note | 2025  |  |                 | 2024  |  |                 |
|---|------|---|--|-----------------|---|--|-----------------|
|   |      | New contracts recognised post-transition and contracts measured under the full retrospective approach at transition<br>RM'000 | Contracts measured under the modified retrospective approach at transition<br>RM'000 | Total<br>RM'000 | New contracts recognised post-transition and contracts measured under the full retrospective approach at transition<br>RM'000 | Contracts measured under the modified retrospective approach at transition<br>RM'000 | Total<br>RM'000 |
| <b>Insurance revenue</b>                                |      | 2,117,279   | 539,891  | 2,657,170       | 1,874,453   | 558,025  | 2,432,478       |
| <b>CSM as at 1 January</b>                              | 12   | 2,912,010   | 626,830  | 3,538,840       | 2,654,735   | 593,500  | 3,248,235       |
| <u>Changes that relate to current services</u>          |      |   |  |                 |   |  |                 |
| CSM recognised for services provided                    | 12   | (401,127)   | (108,932)  | (510,059)       | (377,432)   | (109,660)  | (487,092)       |
| <u>Changes that relate to future services</u>           |      |   |  |                 |   |  |                 |
| Contracts initially recognised in the year              | 12   | 500,451   | -  | 500,451         | 488,084   | -  | 488,084         |
| Changes in estimates that adjust the CSM                | 12   | 88,857  | 104,497  | 193,354         | 144,961   | 141,803  | 286,764         |
|   |      | 188,181   | (4,435)  | 183,746         | 255,613   | 32,143   | 287,756         |
| Net finance expenses from insurance contracts issued    | 12   | 1,371   | 1,335  | 2,706           | 1,662   | 1,187  | 2,849           |
| <b>Total amounts recognised in comprehensive income</b> |      | 189,552   | (3,100)  | 186,452         | 257,275   | 33,330   | 290,605         |
| <b>CSM as at 31 December</b>                            | 12   | 3,101,562   | 623,730  | 3,725,292       | 2,912,010   | 626,830  | 3,538,840       |

## 17. Insurance service expenses

|  | Note | 2025<br>RM'000          | 2024<br>RM'000          |
|--|------|-------------------------|-------------------------|
| <b><u>Contracts not measured under the PAA</u></b>       |      |                         |                         |
| Incurred claims and other directly attributable expenses | 12   | 1,312,758               | 1,130,606               |
| Insurance acquisition cash flows amortisation            | 12   | 463,608                 | 433,907                 |
| Reversal of losses on onerous insurance contracts        | 12   | (640)                   | (1,529)                 |
|  |      | <u>1,775,726</u>        | <u>1,562,984</u>        |
| <b><u>Contracts measured under the PAA</u></b>           |      |                         |                         |
| Incurred claims and other directly attributable expenses | 12   | 345,582                 | 378,925                 |
| Insurance acquisition cash flows amortisation            | 12   | 48,989                  | 44,764                  |
|  |      | <u>394,571</u>          | <u>423,689</u>          |
| <b>Total insurance service expenses</b>                  |      | <u><u>2,170,297</u></u> | <u><u>1,986,673</u></u> |

## 18. Net (income)/expense from reinsurance contracts held

|  | Note | 2025<br>RM'000       | 2024<br>RM'000       |
|--|------|----------------------|----------------------|
| <b><u>Contracts not measured under the PAA</u></b>                           |      |                      |                      |
| <u>Amounts relating to the changes in the remaining coverage</u>             |      |                      |                      |
| - Expected incurred claims and other directly attributable expenses recovery |      | (166)                | (19,866)             |
| - Change in the risk adjustment for non-financial risk for the risk expired  |      | 3,299                | 3,386                |
| - CSM recognised for the services received                                   |      | 23,816               | 23,497               |
| Changes in fulfilment cash flows relating to incurred claims                 |      | <u>(867)</u>         | <u>9,657</u>         |
|  | 13   | <u>26,082</u>        | <u>16,674</u>        |
| <b><u>Contracts measured under the PAA</u></b>                               |      |                      |                      |
| Other incurred directly attributable expense                                 | 13   | 12,461               | 35,027               |
| Changes in fulfilment cash flows relating to incurred claims                 |      | <u>(3,710)</u>       | <u>-</u>             |
|  |      | <u>8,751</u>         | <u>35,027</u>        |
| <b>Net expense from reinsurance contracts held</b>                           | 13   | <u><u>34,833</u></u> | <u><u>51,701</u></u> |

## 18. Net (income)/expense from reinsurance contracts held (continued)

Analysis of the CSM by transition method under reinsurance contracts held is included in the following tables.

|   | Note | 2025  |  |                 | 2024  |  |                 |
|---|------|---|--|-----------------|---|--|-----------------|
|   |      | New contracts recognised post-transition and contracts measured under the full retrospective approach at transition<br>RM'000 | Contracts measured under the modified retrospective approach at transition<br>RM'000 | Total<br>RM'000 | New contracts recognised post-transition and contracts measured under the full retrospective approach at transition<br>RM'000 | Contracts measured under the modified retrospective approach at transition<br>RM'000 | Total<br>RM'000 |
| <b>CSM as at 1 January</b>                              | 13   | (255)   | (153,354)  | (153,609)       | (17)  | (142,594)  | (142,611)       |
| <u>Changes that relate to current services</u>          |      |   |  |                 |   |  |                 |
| CSM recognised for services received                    | 13   | 49  | 23,766   | 23,815          | 5   | 23,491   | 23,496          |
| <u>Changes that relate to future services</u>           |      |   |  |                 |   |  |                 |
| Contracts initially recognised in the year              | 13   | -   | -  | -               | (198)   | -  | (198)           |
| Changes in estimates that adjust the CSM                | 13   | (444)   | (21,666)   | (22,110)        | (36)  | (26,489)   | (26,525)        |
|   |      | (395)   | 2,100  | 1,705           | (229)   | (2,998)  | (3,227)         |
| Net finance income from reinsurance contracts held      | 13   | (25)  | (7,961)  | (7,986)         | (9)   | (7,762)  | (7,771)         |
| <b>Total amounts recognised in comprehensive income</b> |      | (420)   | (5,861)  | (6,281)         | (238)   | (10,760)   | (10,998)        |
| <b>CSM as at 31 December</b>                            | 13   | (675)   | (159,215)  | (159,890)       | (255)   | (153,354)  | (153,609)       |

## 19. Investment income and insurance finance expenses

|   | 2025                            |                 |                 | 2024                            |                  |                  |
|---|---------------------------------|-----------------|-----------------|---------------------------------|------------------|------------------|
|   | Participating<br>fund<br>RM'000 | Other<br>RM'000 | Total<br>RM'000 | Participating<br>fund<br>RM'000 | Other<br>RM'000  | Total<br>RM'000  |
| <b>Net investment income/(expenses)</b>   |                                 |                 |                 |                                 |                  |                  |
| Investment income from financial assets not measured at FVTPL   | 118,971                         | 205,006         | 323,977         | 130,520                         | 193,778          | 324,298          |
| Interest revenue from financial assets not measured at FVTPL  | 116,996                         | 204,819         | 321,815         | 128,048                         | 192,873          | 320,921          |
| - Interest income   | 126,326                         | 212,720         | 339,046         | 131,418                         | 198,289          | 329,707          |
| - Interest expense  | (158)                           | (6,361)         | (6,519)         | (135)                           | (5,416)          | (5,551)          |
| - Other investment expense  | (9,172)                         | (1,540)         | (10,712)        | (3,235)                         | -                | (3,235)          |
| Net gains on investments in debt securities measured at<br>FVOCI reclassified to profit or loss on disposal | 1,975                           | 187             | 2,162           | 2,472                           | 905              | 3,377            |
| - Realised gains  | 1,975                           | 303             | 2,278           | 2,472                           | 2,061            | 4,533            |
| - Realised losses   | -                               | (116)           | (116)           | -                               | (1,156)          | (1,156)          |
| Net credit impairment gain on financial assets  | 104                             | 28              | 132             | 157                             | -                | 157              |
| <b>Net investment income - not measured at FVTPL</b>  | <b>119,075</b>                  | <b>205,034</b>  | <b>324,109</b>  | <b>130,677</b>                  | <b>193,778</b>   | <b>324,455</b>   |
| Net gains on FVTPL investments  | 6,226                           | 307,261         | 313,487         | 8,713                           | 846,819          | 855,532          |
| - Interest income   | 5,888                           | 277,315         | 283,203         | 5,334                           | 263,018          | 268,352          |
| - Realised gains/(losses)   | 9,822                           | (124,577)       | (114,755)       | 1,703                           | 177,203          | 178,906          |
| - Other investment (expenses)/income  | -                               | (50,784)        | (50,784)        | -                               | 4,081            | 4,081            |
| - Fair value (losses)/gains   | (9,484)                         | 205,307         | 195,823         | 1,676                           | 402,517          | 404,193          |
| <b>Net investment income - measured at FVTPL</b>  | <b>6,226</b>                    | <b>307,261</b>  | <b>313,487</b>  | <b>8,713</b>                    | <b>846,819</b>   | <b>855,532</b>   |
| Dividend income from financial assets not measured at FVTPL   | 22,422                          | 987             | 23,409          | 25,279                          | 525              | 25,804           |
| Dividend income from financial assets measured at FVTPL   | 774                             | 108,318         | 109,092         | 2,408                           | 113,178          | 115,586          |
| <b>Dividend income</b>  | <b>23,196</b>                   | <b>109,305</b>  | <b>132,501</b>  | <b>27,687</b>                   | <b>113,703</b>   | <b>141,390</b>   |
| <b>Total net investment income in profit or loss</b>  | <b>148,497</b>                  | <b>621,600</b>  | <b>770,097</b>  | <b>167,077</b>                  | <b>1,154,300</b> | <b>1,321,377</b> |

**19. Investment income and insurance finance expenses (continued)**

|  | 2025                            |                 |                 | 2024                            |                  |                  |
|--|---------------------------------|-----------------|-----------------|---------------------------------|------------------|------------------|
|  | Participating<br>fund<br>RM'000 | Other<br>RM'000 | Total<br>RM'000 | Participating<br>fund<br>RM'000 | Other<br>RM'000  | Total<br>RM'000  |
| Represented by:                                      |                                 |                 |                 |                                 |                  |                  |
| Net investment income – underlying assets            |                                 |                 |                 |                                 |                  |                  |
| Net investment income - not measured at FVTPL        | 119,075                         | 7,889           | 126,964         | 130,677                         | 6,247            | 136,924          |
| Net investment income - measured at FVTPL            | 6,226                           | 309,809         | 316,035         | 8,713                           | 932,628          | 941,341          |
| Dividend income                                      | 23,196                          | 107,447         | 130,643         | 27,687                          | 112,380          | 140,067          |
|  | <u>148,497</u>                  | <u>425,145</u>  | <u>573,642</u>  | <u>167,077</u>                  | <u>1,051,255</u> | <u>1,218,332</u> |
| Net investment income – other investments            |                                 |                 |                 |                                 |                  |                  |
| Net investment income - not measured at FVTPL        | -                               | 197,145         | 197,145         | -                               | 187,531          | 187,531          |
| Net investment expense - measured at FVTPL           | -                               | (2,548)         | (2,548)         | -                               | (85,809)         | (85,809)         |
| Dividend income                                      | -                               | 1,858           | 1,858           | -                               | 1,323            | 1,323            |
|  | <u>-</u>                        | <u>196,455</u>  | <u>196,455</u>  | <u>-</u>                        | <u>103,045</u>   | <u>103,045</u>   |
| <b>Total net investment income in profit or loss</b> | <u>148,497</u>                  | <u>621,600</u>  | <u>770,097</u>  | <u>167,077</u>                  | <u>1,154,300</u> | <u>1,321,377</u> |

**19. Investment income and insurance finance expenses (continued)**

|  | 2025                            |                 |                 | 2024                            |                 |                 |
|--|---------------------------------|-----------------|-----------------|---------------------------------|-----------------|-----------------|
|  | Participating<br>fund<br>RM'000 | Other<br>RM'000 | Total<br>RM'000 | Participating<br>fund<br>RM'000 | Other<br>RM'000 | Total<br>RM'000 |
| Net gains on investments in debt securities<br>measured at FVOCI             | 40,767                          | 61,993          | 102,760         | 7,050                           | 3,978           | 11,028          |
| Fair value gains on cash flow hedge  | 6,811                           | -               | 6,811           | 1,568                           | -               | 1,568           |
| Expected credit losses   | (104)                           | (28)            | (132)           | (157)                           | -               | (157)           |
| Net (losses)/gains on investments in equity instruments<br>measured at FVOCI | (1,335)                         | (342)           | (1,677)         | 62,009                          | 30,174          | 92,183          |
| Net realised losses during the year  | 26,899                          | -               | 26,899          | -                               | -               | -               |
| <b>Total net investment income in<br/>other comprehensive income</b>         | <b>73,038</b>                   | <b>61,623</b>   | <b>134,661</b>  | <b>70,470</b>                   | <b>34,152</b>   | <b>104,622</b>  |
| Represented by:  |                                 |                 |                 |                                 |                 |                 |
| Net investment income – underlying assets                                    | 73,038                          | -               | 73,038          | 70,470                          | -               | 70,470          |
| Net investment income – other investments                                    | -                               | 61,623          | 61,623          | -                               | 34,152          | 34,152          |
|  | <b>73,038</b>                   | <b>61,623</b>   | <b>134,661</b>  | <b>70,470</b>                   | <b>34,152</b>   | <b>104,622</b>  |

## 19. Investment income and insurance finance expenses (continued)

|  | 2025                            |                  |                  | 2024                            |                  |                    |
|--|---------------------------------|------------------|------------------|---------------------------------|------------------|--------------------|
|  | Participating<br>fund<br>RM'000 | Other<br>RM'000  | Total<br>RM'000  | Participating<br>fund<br>RM'000 | Other<br>RM'000  | Total<br>RM'000    |
| <b>Finance (expenses)/income from insurance contracts issued</b>             |                                 |                  |                  |                                 |                  |                    |
| Changes in value of underlying assets<br>of contracts measured under the VFA | (146,907)                       | (398,741)        | (545,648)        | (165,431)                       | (938,874)        | (1,104,305)        |
| Interest accreted  | -                               | (26,450)         | (26,450)         | -                               | (26,187)         | (26,187)           |
| Effect of changes in interest rates and<br>other financial assumptions       | (5,341)                         | (8,413)          | (13,754)         | 22,092                          | (6,258)          | 15,834             |
| <b>Finance expenses from insurance<br/>contracts issued</b>                  | <b>(152,248)</b>                | <b>(433,604)</b> | <b>(585,852)</b> | <b>(143,339)</b>                | <b>(971,319)</b> | <b>(1,114,658)</b> |
| <b>Finance income from reinsurance contracts held</b>                        |                                 |                  |                  |                                 |                  |                    |
| Interest accreted  | -                               | 516              | 516              | -                               | 530              | 530                |
| Effect of changes in interest rates and<br>other financial assumptions       | -                               | 850              | 850              | -                               | 497              | 497                |
| <b>Finance income from reinsurance<br/>contracts held</b>                    | <b>-</b>                        | <b>1,366</b>     | <b>1,366</b>     | <b>-</b>                        | <b>1,027</b>     | <b>1,027</b>       |
| <b>Net insurance finance expense in profit or loss</b>                       | <b>(152,248)</b>                | <b>(432,238)</b> | <b>(584,486)</b> | <b>(143,339)</b>                | <b>(970,292)</b> | <b>(1,113,631)</b> |
| Finance expense from<br>insurance contract issued                            | (73,546)                        | (21,397)         | (94,943)         | (70,627)                        | (4,029)          | (74,656)           |
| Finance expense from reinsurance<br>contract held                            | -                               | (3,556)          | (3,556)          | -                               | (692)            | (692)              |
| <b>Net insurance finance expense<br/>in other comprehensive income</b>       | <b>(73,546)</b>                 | <b>(24,953)</b>  | <b>(98,499)</b>  | <b>(70,627)</b>                 | <b>(4,721)</b>   | <b>(75,348)</b>    |

## 19. Investment income and insurance finance expenses (continued)

### Summary of the amounts recognised in profit or loss and OCI:

|   | 2025                            |                 |                 | 2024                            |                 |                 |
|---|---------------------------------|-----------------|-----------------|---------------------------------|-----------------|-----------------|
|   | Participating<br>fund<br>RM'000 | Other<br>RM'000 | Total<br>RM'000 | Participating<br>fund<br>RM'000 | Other<br>RM'000 | Total<br>RM'000 |
| <b>Summary of the amounts recognised in profit or loss:</b> |                                 |                 |                 |                                 |                 |                 |
| Net investment income – underlying assets                   | 148,497                         | 425,145         | 573,642         | 167,077                         | 1,051,255       | 1,218,332       |
| Net investment income – other investments                   | -                               | 196,455         | 196,455         | -                               | 103,045         | 103,045         |
| Net insurance finance expense                               | (152,248)                       | (432,238)       | (584,486)       | (143,339)                       | (970,292)       | (1,113,631)     |
|   | <u>(3,751)</u>                  | <u>189,362</u>  | <u>185,611</u>  | <u>23,738</u>                   | <u>184,008</u>  | <u>207,746</u>  |
| <b>Summary of the amounts recognised in OCI:</b>            |                                 |                 |                 |                                 |                 |                 |
| Net investment income – underlying assets                   | 73,038                          | -               | 73,038          | 70,470                          | -               | 70,470          |
| Net investment income – other investments                   | -                               | 61,623          | 61,623          | -                               | 34,152          | 34,152          |
| Net insurance finance expense                               | (73,546)                        | (24,953)        | (98,499)        | (70,627)                        | (4,721)         | (75,348)        |
|   | <u>(508)</u>                    | <u>36,670</u>   | <u>36,162</u>   | <u>(157)</u>                    | <u>29,431</u>   | <u>29,274</u>   |

## 19. Investment income and insurance finance expenses (continued)

The net gain or loss for each class of financial instrument by measurement category is as follows:

|  | 2025<br>RM'000 | 2024<br>RM'000   |
|--|----------------|------------------|
| Malaysian government securities  | 128,597        | 126,008          |
| Malaysian government guaranteed bonds                                    | 71,507         | 70,551           |
| Unquoted bonds of corporations in Malaysia                               | 100,855        | 103,351          |
| Unquoted bonds of corporations outside Malaysia                          | 3,339          | 3,656            |
| Fixed and call deposits with licensed banks                              | 26,951         | 19,421           |
| Other investments  | (7,272)        | 1,311            |
| <b>Investment income from financial assets<br/>not measured at FVTPL</b> | <b>323,977</b> | <b>324,298</b>   |
| Malaysian government securities  | 187,904        | 122,584          |
| Malaysian government guaranteed bonds                                    | 57,680         | 42,805           |
| Quoted unit trusts in Malaysia   | 6,241          | 16,278           |
| Unquoted unit trusts in Malaysia   | 63             | 2,754            |
| Unquoted unit trusts outside Malaysia                                    | 107,352        | 23,803           |
| Unquoted bonds of corporations in Malaysia                               | 117,323        | 94,773           |
| Quoted equity securities of corporations in Malaysia                     | (130,155)      | 528,037          |
| Quoted equity securities of corporations outside Malaysia                | (2,707)        | (1,046)          |
| Fixed and call deposits with licensed banks                              | 16,274         | 12,497           |
| Structured deposits  | (856)          | -                |
| Other investments  | (51,085)       | 11,642           |
| <u>Derivative financial assets/liabilities:</u>                          |                |                  |
| Collateralised interest rate swap  | 2,234          | 535              |
| Cross currency swap  | 1,024          | 870              |
| Foreign currency forward contracts                                       | 2,195          | -                |
| <b>Net gains on FVTPL investment</b>                                     | <b>313,487</b> | <b>855,532</b>   |
| Quoted equity securities of corporations in Malaysia                     | 22,422         | 25,279           |
| Unquoted equity securities of corporations in Malaysia                   | 987            | 525              |
| <b>Dividend income from financial assets not measured at FVTPL</b>       | <b>23,409</b>  | <b>25,804</b>    |
| Quoted equity securities of corporations in Malaysia                     | 102,391        | 101,981          |
| Quoted equity securities of corporations outside Malaysia                | 518            | 4,483            |
| Quoted unit trusts in Malaysia   | 5,312          | 8,324            |
| Unquoted unit trusts in Malaysia   | 871            | 798              |
| <b>Dividend income from financial assets measured at FVTPL</b>           | <b>109,092</b> | <b>115,586</b>   |
| <b>Dividend income</b>   | <b>132,501</b> | <b>141,390</b>   |
| Malaysian government securities  | (3)            | 79               |
| Malaysian government guaranteed bonds                                    | 23             | 1                |
| Unquoted bonds of corporations in Malaysia                               | 84             | 48               |
| Fixed and call deposits with licensed banks                              | (19)           | 2                |
| Other investments  | 47             | 27               |
| <b>Net credit impairment gains</b>                                       | <b>132</b>     | <b>157</b>       |
| <b>Total net investment income in profit or loss</b>                     | <b>770,097</b> | <b>1,321,377</b> |

## 19. Investment income and insurance finance expenses (continued)

The net gain or loss for each class of financial instrument by measurement category is as follows:

|  | 2025<br>RM'000 | 2024<br>RM'000 |
|--|----------------|----------------|
| Malaysian government securities                                      | 60,965         | 9,251          |
| Malaysian government guaranteed bonds                                | 20,340         | 1,376          |
| Quoted equity securities of corporations in Malaysia                 | (4,611)        | 62,009         |
| Unquoted equity securities of corporations in Malaysia               | 29,833         | 30,174         |
| Unquoted bonds of corporations in Malaysia                           | 19,175         | (1,334)        |
| Unquoted bonds of corporations outside Malaysia                      | 2,132          | 1,596          |
| Fixed and call deposits with licensed banks                          | 19             | (2)            |
| Cross currency swap  | 6,811          | 1,568          |
| Other investments  | (3)            | (16)           |
| <b>Total net investment income in<br/>other comprehensive income</b> | <u>134,661</u> | <u>104,622</u> |

## 20. Expenses by nature

| 2025   | Note  | Expenses attributed to insurance acquisition cash flow*<br>RM'000 | Other directly attributable expenses<br>RM'000 | Other operating expenses<br>RM'000 | Total<br>RM'000 |
|--|-------|---|--|------------------------------------|-----------------|
| Advertising and marketing expenses                 |       | 16,404  | 1,566  | 4,570                              | 22,540          |
| Amortisation of intangible assets                  | 5     | -   | 10,203   | 6,159                              | 16,362          |
| Allowance for impairment loss on receivables       |       | -   | -  | 127                                | 127             |
| Bank charges                                       |       | 3,005   | 13,536   | 109                                | 16,650          |
| Depreciation on property, plant and equipment      | 3     | 152   | 4,025  | 534                                | 4,711           |
| Depreciation of right-of-use assets                | 4     | 686   | 3,326  | 1,604                              | 5,616           |
| Employee benefits expense                          | 20(a) | 38,782  | 73,624   | 46,309                             | 158,715         |
| Executive director emoluments                      | 20(b) | -   | -  | 3,336                              | 3,336           |
| Non executive directors' fees and other emoluments | 20(b) | -   | -  | 687                                | 687             |
| Auditors' remuneration:                            |       |   |  |                                    |                 |
| - statutory audit fees                             |       | -   | 629  | 123                                | 752             |
| - other audit related fees                         |       | -   | 108  | 21                                 | 129             |
| Lease expense on low-value assets                  |       | 14  | 69   | 20                                 | 103             |
| Commissions  |       | 466,858   | -  | -                                  | 466,858         |
| Other expenses                                     |       | 132,043   | 83,106   | 27,959                             | 243,108         |
|  |       | <u>657,944</u>  | <u>190,192</u>                                 | <u>91,558</u>                      | <u>939,694</u>  |
|  |       | <b>Note 12</b>  |  |                                    |                 |

**20. Expenses by nature (continued)**

| 2024   | Note  | Expenses<br>attributed<br>to insurance<br>acquisition<br>cash flow*<br>RM'000 | Other directly<br>attributable<br>expenses<br>RM'000 | Other<br>operating<br>expenses<br>RM'000 | Total<br>RM'000 |
|--|-------|---|--|--|-----------------|
| Advertising and marketing expenses                 |       | 20,719  | 1,159  | 6,881                                    | 28,759          |
| Amortisation of intangible assets                  | 5     | -   | 5,432  | 6,159                                    | 11,591          |
| Reversal of impairment loss on receivables         |       | -   | -  | (206)                                    | (206)           |
| Bank charges                                       |       | 3,163   | 13,701   | 123                                      | 16,987          |
| Depreciation on property, plant and equipment      | 3     | 177   | 4,244  | 671                                      | 5,092           |
| Depreciation of right-of-use assets                | 4     | 692   | 3,260  | 1,662                                    | 5,614           |
| Employee benefits expense                          | 20(a) | 33,908  | 71,322   | 45,625                                   | 150,855         |
| Executive director emoluments                      | 20(b) | -   | -  | 3,034                                    | 3,034           |
| Non executive directors' fees and other emoluments | 20(b) | -   | -  | 687                                      | 687             |
| Short-term lease expenses                          |       | 2   | 3  | -  | 5               |
| Auditors' remuneration:                            |       |   |  |  |                 |
| - statutory audit fees                             |       | -   | 477  | 114                                      | 591             |
| - other audit related fees                         |       | -   | 104  | 25                                       | 129             |
| Lease expense on low-value assets                  |       | 18  | 76   | 21                                       | 115             |
| Commissions  |       | 457,291   | -  | -  | 457,291         |
| Other expenses                                     |       | 156,464   | 51,080   | 67,255                                   | 274,799         |
|  |       | <u>672,434</u>  | <u>150,858</u>                                       | <u>132,051</u>                           | <u>955,343</u>  |
|  |       | <b>Note 12</b>  |  |  |                 |

\* Expenses attributed to insurance acquisition cash flows excluded capitalisation and amortisation of insurance acquisition cash flows.

## 20. Expenses by nature (continued)

The following breakdowns present the reconciliation of directly attributable expenses and non-directly attributable expenses:

|  | 2025<br>RM'000 | 2024<br>RM'000 |
|--|----------------|----------------|
| <i>Directly attributable expenses:</i>           |                |                |
| - Management expenses                            | 190,192        | 150,858        |
| - Insurance acquisition cash flows               | 657,944        | 672,434        |
| <i>Non-directly attributable expenses:</i>       |                |                |
| - Management expenses                            |                |                |
| - Investment expenses                            | 10,308         | 9,990          |
| - Other operating expenses                       | 66,070         | 87,172         |
| - Other operating expenses                       |                |                |
| - Other operating expenses                       | 15,180         | 9,022          |
| - Foreign currency exchange losses               | -              | 25,867         |
|  | 939,694        | 955,343        |
|  | 939,694        | 955,343        |
|  | 2025<br>RM'000 | 2024<br>RM'000 |
| <b>(a) Employee benefits expense</b>             |                |                |
| Wages and salaries                               | 89,100         | 73,431         |
| Social security contributions                    | 800            | 699            |
| Contributions to Employees' Provident Funds      | 16,480         | 15,829         |
| Other benefits                                   | 52,335         | 60,896         |
|  | 158,715        | 150,855        |
|  | 158,715        | 150,855        |
| <b>(b) Key management personnel compensation</b> |                |                |
|  | 2025<br>RM'000 | 2024<br>RM'000 |
| Executive Director/Chief Executive Officer:      |                |                |
| Salaries and other emoluments                    | 2,283          | 2,000          |
| Bonus  | 1,053          | 1,034          |
|  | 3,336          | 3,034          |
| Estimated monetary value of benefits-in-kind     | 269            | 51             |
|  | 3,605          | 3,085          |
|  | 3,605          | 3,085          |
| Non-executive directors:                         |                |                |
| Fees   | 480            | 480            |
| Other emoluments                                 | 207            | 207            |
|  | 687            | 687            |
|  | 687            | 687            |
| Other key management personnel:                  |                |                |
| Short-term employee benefits                     | 11,694         | 10,955         |
|  | 11,694         | 10,955         |
|  | 11,694         | 10,955         |

## 20. Expenses by nature (continued)

### (b) Key management personnel compensation (continued)

Other key management personnel comprise persons other than the Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

The remuneration of CEO of the Company who is also the Executive Director of the Company, including benefits-in-kind, amounted to RM3,605,000 (2024: RM3,085,000).

### (c) The details of remuneration received by the CEO during the year are as follows:

|   | 2025<br>RM'000 | 2024<br>RM'000 |
|---|----------------|----------------|
| Salaries                                      | 1,611          | 1,429          |
| Bonus   | 1,053          | 1,034          |
| Contribution to Employee's Provident Fund     | 363            | 336            |
| Estimated monetary value of benefits-in-kind  | 269            | 51             |
| Other emoluments                              | 309            | 235            |
|   | <u>3,605</u>   | <u>3,085</u>   |
| Amount included in employee benefits expenses | <u>3,336</u>   | <u>3,034</u>   |

## 20. Expenses by nature (continued)

(d) The total remuneration (including benefits-in-kind) of the Chief Executive Officer and Directors are as follows:

| 2025  | Salaries<br>RM'000 | Bonus<br>RM'000 | Fees*<br>RM'000 | Other<br>emoluments<br>RM'000 | Benefits-in<br>-kind<br>RM'000 | Total<br>RM'000 |
|---|--------------------|-----------------|-----------------|-------------------------------|--------------------------------|-----------------|
| <b>Executive Director/Chief Executive Officer:</b>    |                    |                 |                 |                               |                                |                 |
| Ong Eng Chow  | 1,611              | 1,053           | -               | 672                           | 269                            | 3,605           |
| <b>Non-Executive Directors of the Company</b>         |                    |                 |                 |                               |                                |                 |
| Goh Ching Yin   | -                  | -               | 120             | 162                           | -                              | 282             |
| Peter Ho Kok Wai                                      | -                  | -               | 120             | 15                            | -                              | 135             |
| Lim Fen Nee   | -                  | -               | 120             | 15                            | -                              | 135             |
| Foo Chee It   | -                  | -               | 120             | 15                            | -                              | 135             |
| <b>Total Non-Executive Directors of the Company</b>   | -                  | -               | 480             | 207                           | -                              | 687             |
| <b>Total remuneration of Directors of the Company</b> | 1,611              | 1,053           | 480             | 879                           | 269                            | 4,292           |

\* Fees for their roles as members of Board Committees.

## 20. Expenses by nature (continued)

(d) The total remuneration (including benefits-in-kind) of the Chief Executive Officer and Directors are as follows: (continued)

| 2024  | Salaries<br>RM'000 | Bonus<br>RM'000 | Fees*<br>RM'000 | Other<br>emoluments<br>RM'000 | Benefits-in<br>-kind<br>RM'000 | Total<br>RM'000 |
|---|--------------------|-----------------|-----------------|-------------------------------|--------------------------------|-----------------|
| <b>Executive Director/Chief Executive Officer:</b>    |                    |                 |                 |                               |                                |                 |
| Ong Eng Chow  | 1,429              | 1,034           | -               | 571                           | 51                             | 3,085           |
| <b>Non-Executive Directors of the Company</b>         |                    |                 |                 |                               |                                |                 |
| Goh Ching Yin   | -                  | -               | 120             | 162                           | -                              | 282             |
| Peter Ho Kok Wai                                      | -                  | -               | 120             | 15                            | -                              | 135             |
| Lim Fen Nee   | -                  | -               | 120             | 15                            | -                              | 135             |
| Foo Chee It   | -                  | -               | 120             | 15                            | -                              | 135             |
| <b>Total Non-Executive Directors of the Company</b>   | -                  | -               | 480             | 207                           | -                              | 687             |
| <b>Total remuneration of Directors of the Company</b> | 1,429              | 1,034           | 480             | 778                           | 51                             | 3,772           |

\* Fees for their roles as members of Board Committees.

## 21. Tax expense

|  | Note | 2025<br>RM'000  | 2024<br>RM'000 |
|--|------|-----------------|----------------|
| <b>(a) Recognised in profit or loss</b>                        |      |                 |                |
| <b>Current tax expense</b>                                     |      |                 |                |
| Current year   |      | 93,683          | 74,518         |
| (Over)/under provision in prior years                          |      | (397)           | 290            |
|  |      | <u>93,286</u>   | <u>74,808</u>  |
| <b>Deferred tax benefit</b>                                    |      |                 |                |
| Origination and reversal of temporary differences              | 11.2 | (38,742)        | 26,795         |
| Effect of foreign exchange difference                          |      | 35              | -              |
|  |      | <u>(38,707)</u> | <u>26,795</u>  |
| <b>Total tax expense</b>                                       |      | <u>54,579</u>   | <u>101,603</u> |
| Tax expense attributable to shareholders                       |      | 13,484          | 87,315         |
| Tax expense attributable to participating fund and unitholders |      | 41,095          | 14,288         |
|  |      | <u>54,579</u>   | <u>101,603</u> |

The income tax provided for in the Life fund for the current and previous financial years is in respect of investment income which is taxed at a tax rate of 8% (2024: 8%) applicable for life insurance business and 24% (2024: 24%) on income other than investment income which is taxed under Section 60(8) of the Income Tax Act, 1967.

## 21. Tax expense (continued)

### (a) Recognised in profit or loss (continued)

For the Shareholders' fund, the corporate tax rate is at 24% (2024: 24%). Consequently, deferred tax assets and liabilities of Shareholders' fund are measured using this tax rate. The tax expense of respective funds are disclosed in Note 30 – Insurance funds.

### (b) Reconciliation of tax expense

|   | 2025<br>RM'000 | 2024<br>RM'000 |
|---|----------------|----------------|
| Profit before tax   | 545,852        | 469,498        |
| Tax at Malaysian tax rate of 24% (2024: 24%)                                  | 131,004        | 112,680        |
| Effect of tax attributable to life insurance business                         | 41,095         | 14,288         |
| Estimation tax relief on actuarial surplus transferable to Shareholders' fund | (83,627)       | -              |
| Section 110B tax set off  | (25,143)       | (23,458)       |
| Income not subject to tax   | (11,322)       | (4,026)        |
| Non-deductible expenses   | 2,969          | 1,829          |
| (Over)/under provision in prior year  | (397)          | 290            |
| <b>Total tax expense</b>  | <b>54,579</b>  | <b>101,603</b> |

## 21. Tax expense (continued)

### (c) Deferred tax recognised directly in other comprehensive income

|   | Note | 2025<br>RM'000  | 2024<br>RM'000  |
|---|------|-----------------|-----------------|
| <b>FVOCI reserves</b>   |      |                 |                 |
| At 1 January  |      | (24,787)        | (11,565)        |
| Net loss arising from change in fair value                    | 11   | (11,091)        | (13,222)        |
| At 31 December  |      | <u>(35,878)</u> | <u>(24,787)</u> |
| <b>Insurance finance reserves</b>                             |      |                 |                 |
| At 1 January  |      | 20,455          | 13,672          |
| Net gain arising from change in fair value                    | 11   | 11,936          | 6,783           |
| At 31 December  |      | <u>32,391</u>   | <u>20,455</u>   |
| <b>Other reserves</b>   |      |                 |                 |
| At 1 January  |      | (1,170)         | (1,170)         |
| At 31 December  |      | <u>(1,170)</u>  | <u>(1,170)</u>  |
| <b>Total income tax in other comprehensive income</b>         |      |                 |                 |
| At 1 January  |      | (5,502)         | 937             |
| Net gain/(loss) arising from change in fair value (Note 11.2) |      | 845             | (6,439)         |
| At 31 December  |      | <u>(4,657)</u>  | <u>(5,502)</u>  |

### (d) Organisation for Economic Co-operation and Development ("OECD") Pillar Two Model rules

As a fully consolidated affiliated entity of the Allianz SE multinational group, the Company is within the scope of the OECD Pillar Two Model rules. Under these rules, a top-up-tax must be paid per jurisdiction for the difference between the Global Anti-Base Erosion (GloBE) effective tax rate and the 15 per cent minimum rate. Local Pillar Two legislation came into effect from 1 January 2025 in Malaysia, the jurisdiction in which the Company is incorporated. However, as the GloBE effective tax rate of all Allianz entities being situated for tax purposes in jurisdiction is expected to be greater than the minimum rate of 15% no additional income tax is expected for Company. Any transitional reliefs provided by the Pillar Two regulations will be taken as far as possible in order to reduce compliance and reporting efforts.

## 22. Dividends

Dividends recognised by the Company:

|                            | Sen per share<br>(single tier) | Total amount<br>RM'000 | Date of<br>Payment |
|----------------------------|--------------------------------|------------------------|--------------------|
| <b>At 31 December 2025</b> |                                |                        |                    |
| Interim 2025 ordinary      | 50.70                          | 119,956                | 29 December 2025   |
| Final 2024 ordinary        | 46.90                          | 110,966                | 6 June 2025        |
|                            |                                | <u>230,922</u>         |                    |

## 23. Operating leases

Leases as lessor

The future undiscounted lease payments to be received are as follows:

|                       | 2025<br>RM'000 | 2024<br>RM'000 |
|-----------------------|----------------|----------------|
| Less than one year    | 202            | 201            |
| Between 1 and 2 years | 88             | 159            |
| Between 2 and 3 years | -              | 54             |
|                       | <u>290</u>     | <u>414</u>     |

## 24. Capital commitments

|                                      | 2025<br>RM'000 | 2024<br>RM'000 |
|--------------------------------------|----------------|----------------|
| <b>Property, plant and equipment</b> |                |                |
| Contracted but not provided for      | <u>64</u>      | <u>124</u>     |
| <b>Software development</b>          |                |                |
| Contracted but not provided for      | <u>24,686</u>  | <u>344</u>     |

## 25. Related parties

### Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly and entity that provides key management personnel services to the Company. The key management personnel include all the Directors of the Company, and certain members of Senior Management Committee of the Company. There were no significant transactions with the Company during the financial year other than key management personnel compensation as disclosed in Note 20.

The related parties of, and their relationship with the Company are as follows:

| Related Parties   | Relationship                                |
|---|---|
| Allianz SE, Munich ("Allianz SE")   | Ultimate holding company                    |
| Allianz Europe B.V.   | Penultimate holding company                 |
| Allianz Asia Holding Pte. Ltd.  | Antepenultimate holding company             |
| Allianz Malaysia Berhad ("AMB")   | Immediate holding company                   |
| Allianz General Insurance Company (Malaysia ) Berhad                                  | Related company of ALIM                     |
| Allianz SE Insurance Management Asia Pacific  | Related company of ALIM                     |
| Allianz Technology SE (formerly<br>known as Allianz Managed & Operations Services SE) | Related company of ALIM                     |
| Allianz Investment Management SE  | Related company of ALIM                     |
| Allianz Investment Management Singapore Pte Ltd                                       | Related company of ALIM                     |
| Allianz Global Investors Singapore Limited  | Related company of ALIM                     |
| Allianz Global Investors Asia Pacific Limited   | Related company of ALIM                     |
| PT Asuransi Allianz Life Indonesia  | Related company of ALIM                     |
| Allianz PNP Life Insurance  | Related company of ALIM                     |
| Allianz Digital Health GMBH   | Related company of ALIM                     |
| Pacific Investment Management Company   | Related company of ALIM                     |
| Allianz Global Benefits GmbH  | Related company of ALIM                     |
| Allianz Technology Sdn. Bhd   | Related company of ALIM                     |
| Allianz Technology (Thailand) Co. Ltd.  | Related company of ALIM                     |
| Rapidpro Consulting Sdn Bhd   | Company connected to the Director<br>of AMB |

## 25. Related parties (continued)

### Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Company, other than key management personnel compensation (see Note 20), are as follows:

|   | For the year<br>ended<br>31 December<br>2025<br>RM'000 | For the year<br>ended<br>31 December<br>2024<br>RM'000 |
|---|--|--|
| <b>Non-trade</b>  |  |  |
| <b>Ultimate holding company</b>   |  |  |
| Personnel expenses  | (4,039)  | (2,515)  |
| Global marketing expenses   | (2,291)  | (2,474)  |
| Fees for sharing of Global Procurement<br>(excluding Information Technology ("IT") services and support                           | (122)  | (111)  |
| Employee Share Participation Programs related admin costs   | (189)  | -  |
| Group Human Resource ("GHR") IT Licenses & Maintenance expenses   | (81)   | (14)   |
| Human Resource Transformation ("HRT") Project   | (168)  | (177)  |
| Sharing of cost of the implementation of<br>System Applications and Products in Data Processing ("SAP")<br>Success Factors system | (232)  | (296)  |
| Sharing of cost to support Group Data Analytics   | -  | (121)  |
| Support the development and<br>improvement of Technical Excellence expenses   | (221)  | (234)  |
| Reversal of training-related expenses   | (2,458)  | (25)   |
| Business transformation   | (32)   | -  |
| Business building and<br>regional investment costs  | (6,356)  | (4,143)  |
| Sharing of Compliance Advanced Research Application ("CARA") expenses   | -  | (25)   |
| Group charges on Digital Resilience Group Initiative  | (2,681)  | -  |

## 25. Related parties (continued)

### Significant related party transactions (continued)

|   | For the year<br>ended<br>31 December<br>2025<br>RM'000 | For the year<br>ended<br>31 December<br>2024<br>RM'000 |
|---|--|--|
| <b>Immediate holding company</b>  |  |  |
| Rental expenses   | 21   | 21   |
| Sharing of personnel costs and<br>department expenses                           | (15,951)   | (12,279)   |
| Life actuarial modelling services   | (571)  | (490)  |
| Fees for SAP Master Data Management support services                            | (62)   | (33)   |
| Transfer of of property, plant and equipment                                    | -  | (268)  |
| Fees for maintenance and usage of BKMS license                                  | (7)  | -  |
| Sharing of CARA expenses  | (24)   | -  |
| Sharing of compliance charges for gifts and entertainment tools                 | (7)  | -  |
| <b>Related companies*</b>   |  |  |
| Insurance premium for Company and employees                                     | (233)  | (213)  |
| Motor insurance premium for<br>Company's vehicles and employee vehicle scheme   | (257)  | (250)  |
| Investment and redemption of funds<br>(including fund management fees) expenses | (142,423)  | (114,164)  |
| Investment advisory fees  | (2,471)  | (1,649)  |
| Performance attribution analysis expenses                                       | (11)   | (10)   |
| General Expenses for various department in Head Office within AMB Group         | (1,567)  | (1,501)  |
| Expert Underwriting System and related expenses                                 | -  | (782)  |
| Rental expenses   | (2,755)  | (1,787)  |
| Rental income   | 682  | 600  |
| Reversal of sharing of common expenses  | 3,104  | 2,935  |
| Asset and investment manager database expenses                                  | (385)  | (352)  |
| Human resource database platform and recruitment solution expenses              | (74)   | (228)  |

## 25. Related parties (continued)

### Significant related party transactions (continued)

|   | For the year<br>ended<br>31 December<br>2025<br>RM'000 | For the year<br>ended<br>31 December<br>2024<br>RM'000 |
|---|--|--|
| <b>Related companies* (continued)</b>   |  |  |
| Annual maintenance and support fees<br>for software system  | (3,765)  | (3,282)  |
| IT security services  | (180)  | (556)  |
| Allianz Virtual Client, Windows Distributor File System<br>and Data Center Consolidation expenses | (1,127)  | (1,181)  |
| Fee to develop a suite of digital health tools  | (2,104)  | (1,123)  |
| Fee for sharing of Group Directory International  | (8)  | (27)   |
| Fee for HRT run services  | (1,107)  | (1,110)  |
| Various software licences expenses  | -  | (139)  |
| Fees for implementation of Azeus Convene<br>Meeting Management Software                           | -  | (39)   |
| Fees for the implementation of a<br>software intelligence platform                                | (139)  | (699)  |
| Fees for usage of Google Analytics  | (39)   | (504)  |
| Fees for the purchase of ServiceNow<br>implementation services                                    | (750)  | (462)  |
| Fees for the usage of Public Cloud Service  | (52)   | (556)  |
| Reversal of expense of personnel cost   | -  | (7)  |
| Reimbursement of training-related expenses from AZAP  | -  | 72   |
| Allianz Virtual Client for shared remote<br>app and license pack base                             | (156)  | (602)  |
| Jira Master Platform user license subscription fee  | (232)  | (301)  |
| Implementation services for Local Identity<br>and Access Management ("LIAM") expenses             | (242)  | (517)  |
| AZT Malaysia IT Services  | (26,021)   | (14,753)   |
| Group Premium income on Allianz Medicare  | 145  | 144  |
| Fees for sharing of Group Intranet Access   | (9)  | (64)   |
| Actuarial modelling services  | (210)  | (854)  |
| Crisis management exercise  | (17)   | -  |
| Rental/lease income of Headquarter Office at Menara Allianz Sentral                               | 789  | 884  |
| Fees for the maintenance of the Solely Payment of Principal and<br>Interest and Impairment engine | -  | (48)   |
| Global Mobility charges   | (19)   | (1,428)  |

## 25. Related parties (continued)

### Significant related party transactions (continued)

|   | For the year<br>ended<br>31 December<br>2025<br>RM'000 | For the year<br>ended<br>31 December<br>2024<br>RM'000 |
|---|--|--|
| <b>Related companies* (continued)</b>                               |  |  |
| Agile training services   | (2)  | (1)  |
| Microsoft 365 Group Tenant Project cost                             | (4,506)  | (90)   |
| Fees for providing master and market data for required investments  | (67)   | (103)  |
| Implementation of Celonis expense                                   | (153)  | (32)   |
| IBM Software Maintenance  | (263)  | -  |
| Encryption expansion for Vormetric Data Encryption License ("VDEL") | (42)   | -  |
| Project management for Allianz360                                   | (164)  | -  |
| Lighthouse project  | (3,362)  | -  |
| Actimize System - Anti-Money Laundering Standard Solution           | (738)  | -  |
| Videoconferencing services  | (58)   | -  |
| Group charges on Digital Resilience Group Initiative (DORA)         | (1,018)  | -  |
| Professional Patterns of Leadership ("PPL") program                 | (17)   | -  |
|   | <hr/> <hr/>  | <hr/> <hr/>  |
| <b>Trade</b>  |  |  |
| <b>Ultimate holding and related companies</b>                       |  |  |
| Net expenses from reinsurance contracts held                        |  |  |
| - ultimate holding company  | (94,852)   | (73,009)   |
| - related companies   | (6,809)  | (34,651)   |
| Reinsurance claims recovery   | (731)  | (34,834)   |
|   | <hr/> <hr/>  | <hr/> <hr/>  |

\* Related companies are companies within the Allianz SE group.

Significant related party balances related to the above transactions are disclosed in Note 15. Included in Note 13 are the outstanding balances due from/(to) related party reinsurers amounting to RM24,565,000 (2024: (RM59,218,000)).

## 26. Risk management framework

As a provider of insurance services, the Company considers risk management to be one of its core competencies. It is an integral part of the Company's business process. In order to protect its assets, the Company has established a risk management framework to promote a strong risk management culture supported by a robust risk governance structure.

This framework ensures that risks are properly identified, analysed and evaluated. Risk appetite is defined by the Company's risk strategy and limit structure. Close monitoring and reporting allows the Company to detect deviations from its risk tolerance limit at an early stage.

The Allianz risk management practice consists of the following key areas:

### (a) Risk underwriting and identification

A sound risk underwriting and identification framework including risk assessment, risk standards, and clear targets form the foundation for adequate risk taking and management decisions such as individual transaction approval, new product approval, strategic or tactical asset allocation.

### (b) Risk reporting and monitoring

The Company's qualitative and quantitative risk reporting and controlling framework provides transparency and risk indicators to senior management with regards to its overall risk profile and whether the profile is within the delegated limits and authorities.

### (c) Risk strategy and risk appetite

The Company's risk strategy clearly defines its risk appetite. It ensures that returns are appropriate for the risks taken and that the delegated authorities are in line with the Company's overall risk bearing capacity. The risk-return profile is managed through integration of risk considerations and capital needs into management and decision making processes. This also keeps risk strategy and business objectives consistent with each other and allows the Company to take opportunities within its risk appetite.

### (d) Communication and transparency

Finally, a transparent and robust risk disclosure provides a basis for communicating this strategy to the Company's internal and external stakeholders, ensuring a sustainable positive impact on valuation and financing.

## 26. Risk management framework (continued)

### Risk governance structure

The Board assumes ultimate responsibility over the effectiveness of the Company's risk management and internal control systems by establishing and supervising the operation of the risk management framework. The Board has delegated the responsibility to establish and supervise the operation of the risk management framework to the Risk Management Committee ("RMC") to discharge their oversight function effectively.

RMC bears the overall responsibility for effective risk identification, measurement, monitoring and control functions of the Company. RMC also oversees the Senior Management's activities in managing the key risk areas of the Company and to ensure that the risk management process is in place and functioning effectively. The RMC is responsible for driving the risk management framework of AMB Group of companies ("AMB Group") and to report to the Board on its recommendations and/or decisions. Through structured reporting from the Risk Management Working Committee ("RMWC"), RMC will consolidate the status of the risks and present them to the Board for consideration.

RMWC serves and as a platform for two way communications between the management and the RMC on matters of the AMB Group's risk management framework and its strategies. RMWC is responsible in formulating risk management strategies, policies and risk tolerance for RMC review and onward transmission of recommendation to the Board. RMWC determines the allocation of risks by cascading and/or escalating to the relevant owners. RMWC also oversees the compliance of all risk management process by all departments of the Company and provides pre-emptive recommendations to ensure timely action is taken in managing and mitigating the identified risks.

## 26. Risk management framework (continued)

### Risk Governance in Asset and Liability Management (“ALM”)

The Investment Committee (“IC”) has been tasked to manage business practices so that decisions and actions taken with respect to assets and liabilities are coordinated. It involves various management activities and responsibilities, including the formulation of long-term strategic goals and the management of various risks including liquidity risk, interest rate risk and market risk.

The Asset Liability Management (“ALM”) process is subjected to external and internal constraints.

- External constraints include supervisory and legislative requirements, market condition, as well as the interests and expectations of policyholders and other stakeholders. For instance, one of the major constraints is the liquidity of the assets and liabilities which may compromise the ability to price, measure and hedge exposures.
- Internal constraints include asset allocation and environmental, social and governance (“ESG”) integration framework, which limits reflect the Company’s management philosophy and professional judgement (although this may also be influenced by external constraints).

### Composition of underlying items for contracts measured under the VFA

|   | 2025<br>RM'000 | 2024<br>RM'000 |
|---|----------------|----------------|
| <b><u>Fair value of the underlying assets</u></b>         |                |                |
| Malaysian government securities                           | 4,377,198      | 3,977,861      |
| Malaysian government guaranteed bonds                     | 2,097,527      | 2,084,015      |
| Quoted equity securities of corporations in Malaysia      | 3,969,512      | 3,876,793      |
| Quoted equity securities of corporations outside Malaysia | 6,398          | 17,329         |
| Unquoted bonds of corporations in Malaysia                | 2,967,123      | 2,995,217      |
| Unquoted bonds of corporations outside Malaysia           | 88,908         | 104,244        |
| Quoted unit trusts in Malaysia                            | 80,973         | 90,271         |
| Unquoted unit trusts in Malaysia                          | 25,637         | 24,750         |
| Unquoted unit trusts outside Malaysia                     | 719,863        | 467,877        |
| Fixed deposits with licensed banks                        | 116,952        | 74,964         |
| Structured deposits                                       | 75,100         | -              |
| Cash and cash equivalents                                 | 680,397        | 774,656        |
|   | 15,205,588     | 14,487,977     |

## **26. Risk management framework (continued)**

### **Governance and regulatory framework**

The Company is required to comply with the requirements of the FSA 2013, relevant regulations and guidelines imposed by BNM, as well as including the relevant guidelines from Life Insurance Association of Malaysia ("LIAM").

The Company is also required to comply with all Allianz SE Group's policies and standards. If there is any conflict with the local laws or regulations, the local laws or regulations have priority while the stricter will apply where possible.

## 27. Underwriting risk

The risk arising from the underwritten business, due to adverse deviation in portfolio experience from expectation, it comprises insurance risk, policyholder behaviour risk and expense risk.

### (a) Insurance risk

The risk transferred from the policyholder to the Company, other than financial risk. Insurance risk arises from the inherent uncertainty about the occurrence, amount or timing of claims, which may result into higher claims costs incurred than expected due to the random nature of claims, frequency and severity and risk of change in the legal or economic conditions of insurance or reinsurance cover.

### (b) Policyholder behaviour risk

The risk that a policyholder will cancel a contract (i.e. lapse or persistency risk), increase or reduce premiums, withdraw deposits earlier or later than expected.

### (c) Expense risk

The risk of unexpected increases in the administrative costs associated with the servicing of a contract (rather than in the costs associated with insured events).

#### *Management of underwriting risk*

The Board of Directors sets the Company's strategy for accepting and managing underwriting risk. The Board continuously reviews its underwriting strategy in light of evolving market pricing and loss conditions and as opportunities present themselves.

## 27. Underwriting risk (continued)

### *Management of underwriting risk (continued)*

#### (i) Life insurance contract

Mortality and morbidity risks are mitigated by the use of reinsurance. The Company allows local management to select reinsurers from a list of reinsurers approved by the Company. The aggregation of risk ceded to individual reinsurers is monitored at both country and Company levels.

Policyholder behaviour risk is considered when designing products – e.g. by means of additional charges on the early surrender of contracts in order to recover acquisition cash flows. Persistency is monitored at local entity level and experience is benchmarked against local market information. From time to time, local management may implement specific initiatives to improve retention.

Expense risk is managed at local entity level through the annual budgeting process and regular expense analyses.

#### (ii) Key assumptions

Significant judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experiences, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions are determined at the date of valuation. They are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

##### *Mortality and morbidity rates*

Experience study on mortality and morbidity rates is carried out on annual basis. The actual claim experience is compared against industrial mortality table and reinsurers' mortality and morbidity risk charges. Mortality and morbidity assumptions vary by product type and underwriting procedures.

The Company can adjust the mortality/morbidity risk charges in future years in line with emerging experience for investment-linked and universal life contracts.

##### *Expenses*

Expense assumption was set during initial pricing stage. Expense assumption is reviewed annually to reflect inflation due to higher cost of underwriting, issuing and maintaining the policies. Expense assumption varies by premium term, distribution channel, policy duration and underwriting procedures. The expense assumption is compared to actual expense that the Company incurred.

## 27. Underwriting risk (continued)

### *Management of underwriting risk (continued)*

#### (ii) Key assumptions (continued)

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:  
(continued)

##### *Persistency*

Experience study on persistency (lapse, surrender, premium holiday, partial withdrawal) is carried out on annual basis using statistical method. Persistency assumptions vary by product type, distribution channel and policy duration.

##### *Discount rate*

The Company adjusts the estimate of future cash flows to reflect the time value of money and the financial risks related to those cash flows. The cash flows are discounted by the discount rates reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts.

The Company pursues a bottom-up approach in the determination of the discount rates, where all cash flows are discounted using the risk-free rates adjusted for an illiquidity premium. The risk free rates are constructed from observed spot rates of the local government bonds up to 20 years, with adjustment to reflect the credit risk of the government bonds. Thereafter, the risk-free rates are extrapolated towards the ultimate forward rate using the Smith-Wilson method.

The Company applies the OCI option and recognises the impact of changes in discount rates in OCI. Current interest rates are applied in the measurement of FCF in the statement of financial position. The interest rates applied to recognise the insurance finance income or expense in the statement of profit or loss is based on locked-in interest rates determined on initial recognition.

## 27. Underwriting risk (continued)

*Management of underwriting risk (continued)*

(ii) Key assumptions (continued)

The assumptions that have significant effects on the gross insurance and reinsurance liabilities are listed below.

| Type of business  | Mortality and morbidity rates <sup>(1)</sup> |        | Lapse and surrender rates |      | Discount rate |           |
|---|--|--------|---------------------------|------|---------------|-----------|
|   | 2025   | 2024   | 2025                      | 2024 | 2025          | 2024      |
|   | %  | %      | %                         | %    | %             | %         |
| <b>With fixed and guaranteed terms and with DPF contracts</b> |  |        |                           |      |               |           |
| Life insurance  | 90-100                                       | 70-100 | 3-20                      | 3-20 | 2.00-5.00     | 3.00-5.00 |
| <b>Without DPF contracts</b>                                  |  |        |                           |      |               |           |
| Life insurance  | 50-170                                       | 50-120 | 3-70                      | 3-70 | 2.00-5.00     | 3.00-5.00 |

(1) Industry mortality and morbidity experience tables that were observed in Malaysia between year 2016 and 2020 or the respective reinsurance risk rates.

## 27. Underwriting risk (continued)

### Management of underwriting risk (continued)

#### (iii) Sensitivity analysis

The table below analyses how the PVFCF, CSM, profit or loss and equity would have increased (decreased) if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

|                                      | Change in assumptions | Impact on liabilities |            | PVFCF        |            | CSM          |            | Profit or loss |            | Equity       |            |
|--------------------------------------|-----------------------|-----------------------|------------|--------------|------------|--------------|------------|----------------|------------|--------------|------------|
|                                      |                       | Gross RM'000          | Net RM'000 | Gross RM'000 | Net RM'000 | Gross RM'000 | Net RM'000 | Gross RM'000   | Net RM'000 | Gross RM'000 | Net RM'000 |
| <b>Life insurance contracts 2025</b> |                       |                       |            |              |            |              |            |                |            |              |            |
| Mortality rates                      | +15%                  | 20,689                | 3,191      | 210,455      | 100,315    | (188,926)    | (101,610)  | (26,973)       | (14,141)   | (20,688)     | (3,190)    |
| Morbidity rates                      | +5%                   | 32,992                | 29,542     | 327,322      | 305,019    | (288,591)    | (270,582)  | (43,276)       | (40,545)   | (32,992)     | (29,541)   |
| Discount rate                        | -0.5%                 | 306,758               | 307,166    | 249,851      | 251,618    | 44,759       | 44,759     | (5,931)        | (2,313)    | 24,414       | 24,008     |
| Expenses                             | +10%                  | 10,875                | 10,858     | 113,371      | 113,371    | (101,354)    | (101,247)  | (14,237)       | (14,221)   | (10,874)     | (10,858)   |
| Lapse and surrender rates            | +10%                  | 6,107                 | 4,567      | 257,313      | 241,759    | (209,232)    | (197,875)  | (8,357)        | (7,521)    | (6,107)      | (4,567)    |
| <b>Life insurance contracts 2024</b> |                       |                       |            |              |            |              |            |                |            |              |            |
| Mortality rates                      | +15%                  | 28,522                | 5,815      | 222,889      | 105,048    | (200,490)    | (105,117)  | (28,403)       | (14,717)   | (14,914)     | (4,419)    |
| Morbidity rates                      | +5%                   | 42,999                | 39,062     | 312,151      | 290,770    | (273,890)    | (256,185)  | (42,910)       | (40,341)   | (31,705)     | (29,688)   |
| Discount rate                        | -0.5%                 | 315,457               | 315,572    | 253,402      | 254,736    | 41,526       | 41,526     | (5,223)        | (1,542)    | 13,370       | 28,835     |
| Expenses                             | +10%                  | 14,912                | 14,845     | 116,841      | 116,841    | (104,379)    | (104,301)  | (14,874)       | (14,815)   | (11,358)     | (11,284)   |
| Lapse and surrender rates            | +10%                  | 6,305                 | 4,738      | 221,614      | 207,234    | (178,164)    | (167,426)  | (6,562)        | (5,772)    | (4,004)      | (3,601)    |

The method used and key assumptions made for deriving sensitivity information did not change from the previous year.

## 27. Underwriting risk (continued)

### *Management of underwriting risk (continued)*

#### (iii) Sensitivity analysis (continued)

Changes in underwriting risk variables mainly affect the PVFCF and CSM, profit or loss and equity as follows:

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|                |  |
|----------------|--|
| PVFCF          | Changes in present value of future cash flows.   |
| CSM            | Changes in fulfilment cash flows not relating to any loss components, other than those recognised as insurance finance income or expenses.                                       |
| Profit or loss | Changes in fulfilment cash flows relating to loss components.<br>Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in profit or loss. |
| Equity         | Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in OCI.<br>The effect on profit or loss under profit or loss.                       |

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## 27. Underwriting risk (continued)

### *Management of underwriting risk (continued)*

The insurance risk of life insurance contracts consists of mortality and morbidity. Mortality and morbidity risk represents the risk of loss attributable to positive or negative changes in the assumed medical prognosis for life expectancy, occupational disability, illness and the need for long-term care as well as underestimation of these probabilities. Catastrophic risk represents the risk of loss because of strong short-term fluctuation in the mortality rate, for example as a result of war or epidemics.

The table below shows the concentration of insurance and reinsurance liabilities by type of contract (with and without DPF).

|                  | ← Gross →             |                          |                 | ← Reinsurance →       |                          |                 | Net<br>RM'000 |
|------------------|-----------------------|--------------------------|-----------------|-----------------------|--------------------------|-----------------|---------------|
|                  | With<br>DPF<br>RM'000 | Without<br>DPF<br>RM'000 | Total<br>RM'000 | With<br>DPF<br>RM'000 | Without<br>DPF<br>RM'000 | Total<br>RM'000 |               |
| 31 December 2025 | 3,556,795             | 13,435,121               | 16,991,916      | (14,794)              | 156,020                  | 141,226         | 17,133,142    |
| 31 December 2024 | 3,636,286             | 12,740,497               | 16,376,783      | (10,318)              | 142,499                  | 132,181         | 16,508,964    |

As all of the business is derived from Malaysia, the entire insurance contract liabilities are in Malaysia. There is no investment contract issued by the Company during the current and previous financial years.

## 28. Financial risks

Exposure to credit, liquidity and market (currency risk, interest rate risk, equity price risk) arise in the normal course of the Company's business. The Company is guided by its risk management framework as well as policies and guidelines from the ultimate holding company, Allianz SE which sets out its general risk management philosophy. Through financial risk management, business strategies are evaluated to ensure alignment with the Company's risk appetite and tolerance.

### 28.1 Credit risk

Credit risk is the risk of financial losses due to deterioration in the credit quality of counterparties or their failure to fulfil contractual payment obligations. The Company's exposure to credit risk arises mainly from investment in fixed income instruments, reinsurance, and receivables.

The Company has controls in place to mitigate the credit risk from underwriting of insurance business and it is monitored on an ongoing basis. Reinsurance is prioritised to local insurers or reinsurers, and if the Company has to place overseas, only counterparties with a credit rating that is acceptable based on Allianz Guidelines for Reinsurance Security are used.

The Company's Investment Mandate imposes limits by issuer/counterparty and by credit ratings for investments in corporate fixed income securities (all securities that entails credit risks, e.g. credit facilities, bank deposits of longer than 1-year, certificates of deposits, notes, etc.); and these limits are reviewed at least on annual basis. Active monitoring of the exposure against those limits are in place and reporting to RMWC, RMC and IC on a quarterly basis.

## 28. Financial risks (continued)

### 28.1 Credit risk (continued)

#### Credit exposure

The table below shows the maximum exposure to credit risk for the financial assets on the statement of financial position.

| 2025  | Insurance and<br>Shareholders' funds<br>RM'000 | Investment-<br>linked funds<br>RM'000 | Total<br>RM'000   |
|---|--|---------------------------------------|-------------------|
| <b>FVTPL</b>  |  |                                       |                   |
| Malaysian government securities                           | 2,707,637                                      | 758,963                               | 3,466,600         |
| Malaysian government guaranteed bonds                     | 978,712  | 41,267                                | 1,019,979         |
| Unquoted bonds of corporations in Malaysia                | 1,493,987                                      | 734,667                               | 2,228,654         |
| Quoted equity securities of corporations in Malaysia      | 898,896  | 2,429,181                             | 3,328,077         |
| Quoted equity securities of corporations outside Malaysia | -  | 6,398                                 | 6,398             |
| Quoted unit trusts in Malaysia                            | 51,796   | 29,177                                | 80,973            |
| Unquoted unit trusts in Malaysia                          | 24,479   | 25,637                                | 50,116            |
| Unquoted unit trusts outside Malaysia                     | -  | 719,863                               | 719,863           |
| Derivatives financial assets:                             |  |                                       |                   |
| Collateralised interest rate swap                         | 10,403   | -                                     | 10,403            |
| Cross currency swap                                       | 3,687  | -                                     | 3,687             |
| Foreign currency forward contracts                        | -  | 572                                   | 572               |
| Fixed deposits with licensed banks                        | 77,167   | 39,785                                | 116,952           |
| Structured deposits                                       | -  | 75,100                                | 75,100            |
| <b>FVOCI</b>  |  |                                       |                   |
| Malaysian government securities                           | 3,540,792                                      | -                                     | 3,540,792         |
| Malaysian government guaranteed bonds                     | 1,700,299                                      | -                                     | 1,700,299         |
| Unquoted bonds of corporations in Malaysia                | 2,302,529                                      | -                                     | 2,302,529         |
| Unquoted bonds of corporations outside Malaysia           | 88,908   | -                                     | 88,908            |
| Quoted equity securities of corporations in Malaysia      | 641,436  | -                                     | 641,436           |
| Unquoted equity securities of corporations in Malaysia    | 31,980   | -                                     | 31,980            |
| Fixed deposits with licensed banks                        | 323,687  | -                                     | 323,687           |
| Other investments   | 1,246  | -                                     | 1,246             |
| Other assets  | 1,163  | -                                     | 1,163             |
| <b>AC</b>   |  |                                       |                   |
| Other assets  | 56,529   | 6,466                                 | 62,995            |
| Cash and cash equivalents                                 | 694,687  | 395,471                               | 1,090,158         |
|   | <u>15,630,020</u>                              | <u>5,262,547</u>                      | <u>20,892,567</u> |

## 28. Financial risks (continued)

### 28.1 Credit risk (continued)

#### Credit exposure (continued)

The table below shows the maximum exposure to credit risk for the financial assets on the statement of financial position.

| 2024  | Insurance and<br>Shareholders' funds<br>RM'000 | Investment-<br>linked funds<br>RM'000 | Total<br>RM'000   |
|---|--|---------------------------------------|-------------------|
| <b>FVTPL</b>  |  |                                       |                   |
| Malaysian government securities                           | 2,420,044                                      | 678,099                               | 3,098,143         |
| Malaysian government guaranteed bonds                     | 979,243  | 40,373                                | 1,019,616         |
| Unquoted bonds of corporations in Malaysia                | 1,544,768                                      | 658,229                               | 2,202,997         |
| Quoted equity securities of corporations in Malaysia      | 825,582  | 2,427,912                             | 3,253,494         |
| Quoted equity securities of corporations outside Malaysia | -  | 17,329                                | 17,329            |
| Quoted unit trusts in Malaysia                            | 81,429   | 8,842                                 | 90,271            |
| Unquoted unit trusts in Malaysia                          | 23,247   | 24,750                                | 47,997            |
| Unquoted unit trusts outside Malaysia                     | -  | 467,877                               | 467,877           |
| Derivatives financial assets:                             |  |                                       |                   |
| Collateralised interest rate swap                         | 12,934   | -                                     | 12,934            |
| Cross currency swap                                       | 150  | -                                     | 150               |
| Fixed deposits with licensed banks                        | 35,262   | 39,702                                | 74,964            |
| <b>FVOCI</b>  |  |                                       |                   |
| Malaysian government securities                           | 3,380,141                                      | -                                     | 3,380,141         |
| Malaysian government guaranteed bonds                     | 1,715,301                                      | -                                     | 1,715,301         |
| Unquoted bonds of corporations in Malaysia                | 2,396,890                                      | -                                     | 2,396,890         |
| Unquoted bonds of corporations outside Malaysia           | 104,244  | -                                     | 104,244           |
| Quoted equity securities of corporations in Malaysia      | 623,299  | -                                     | 623,299           |
| Unquoted equity securities of corporations in Malaysia    | 32,321   | -                                     | 32,321            |
| Fixed deposits with licensed banks                        | 159,040  | -                                     | 159,040           |
| Other investments   | 3,795  | -                                     | 3,795             |
| Other assets  | 1,058  | -                                     | 1,058             |
| <b>AC</b>   |  |                                       |                   |
| Other assets  | 59,063   | -                                     | 59,063            |
| Cash and cash equivalents                                 | 1,256,854                                      | -                                     | 1,256,854         |
|   | <u>15,654,665</u>                              | <u>4,363,113</u>                      | <u>20,017,778</u> |

## 28. Financial risks (continued)

### 28.1 Credit risk (continued)

#### Credit exposure by credit rating

The tables below provide information regarding the credit risk exposure of the Company by classifying financial assets according to the credit rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Financial assets that fall outside the range of AAA to BBB are classified as non-investment grade. Assets which are not rated by rating agencies are classified as non-rated.

| 2025  | ← Neither past-due nor impaired → |              |             |               |                                |                     | Investment-linked funds<br>RM'000 | Not subject to credit risk<br>RM'000 | Past-due but not impaired<br>RM'000 | Total<br>RM'000 |
|---|-----------------------------------|--------------|-------------|---------------|--------------------------------|---------------------|-----------------------------------|--------------------------------------|-------------------------------------|-----------------|
|   | AAA<br>RM'000                     | AA<br>RM'000 | A<br>RM'000 | BBB<br>RM'000 | Non-investment grade<br>RM'000 | Non-rated<br>RM'000 |                                   |                                      |                                     |                 |
| <b>FVTPL</b>  |                                   |              |             |               |                                |                     |                                   |                                      |                                     |                 |
| Malaysian government securities                           | -                                 | -            | -           | -             | -                              | 2,707,637           | 758,963                           | -                                    | -                                   | 3,466,600       |
| Malaysian government guaranteed bonds                     | -                                 | -            | -           | -             | -                              | 978,712             | 41,267                            | -                                    | -                                   | 1,019,979       |
| Unquoted bonds of corporations in Malaysia                | 774,482                           | 719,505      | -           | -             | -                              | -                   | 734,667                           | -                                    | -                                   | 2,228,654       |
| Quoted equity securities of corporations in Malaysia      | -                                 | -            | -           | -             | -                              | -                   | -                                 | 3,328,077                            | -                                   | 3,328,077       |
| Quoted equity securities of corporations outside Malaysia | -                                 | -            | -           | -             | -                              | -                   | -                                 | 6,398                                | -                                   | 6,398           |
| Quoted unit trusts in Malaysia                            | -                                 | -            | -           | -             | -                              | -                   | -                                 | 80,973                               | -                                   | 80,973          |
| Unquoted unit trusts in Malaysia                          | -                                 | -            | -           | -             | -                              | -                   | -                                 | 50,116                               | -                                   | 50,116          |
| Unquoted unit trusts outside Malaysia                     | -                                 | -            | -           | -             | -                              | -                   | -                                 | 719,863                              | -                                   | 719,863         |
| Fixed deposits with licensed banks                        | 77,167                            | -            | -           | -             | -                              | -                   | 39,785                            | -                                    | -                                   | 116,952         |
| Structured deposits                                       | -                                 | -            | -           | -             | -                              | -                   | 75,100                            | -                                    | -                                   | 75,100          |
| Derivatives financial assets                              |                                   |              |             |               |                                |                     |                                   |                                      |                                     |                 |
| Collateralised interest rate swap                         | 10,403                            | -            | -           | -             | -                              | -                   | -                                 | -                                    | -                                   | 10,403          |
| Cross currency swap                                       | 3,687                             | -            | -           | -             | -                              | -                   | -                                 | -                                    | -                                   | 3,687           |
| Foreign currency forward contracts                        | -                                 | -            | -           | -             | -                              | -                   | 572                               | -                                    | -                                   | 572             |

## 28. Financial risks (continued)

### 28.1 Credit risk (continued)

#### Credit exposure by credit rating (continued)

| 2025 (continued)                                       | ← Neither past-due nor impaired → |                  |              |               |                                | Investment-linked funds<br>RM'000 | Not subject to credit risk<br>RM'000 | Past-due but not impaired<br>RM'000 | Total<br>RM'000   |
|--|-----------------------------------|------------------|--------------|---------------|--------------------------------|-----------------------------------|--------------------------------------|-------------------------------------|-------------------|
|  | AAA<br>RM'000                     | AA<br>RM'000     | A<br>RM'000  | BBB<br>RM'000 | Non-investment grade<br>RM'000 |                                   |                                      |                                     |                   |
| <b>FVOCI</b>   |                                   |                  |              |               |                                |                                   |                                      |                                     |                   |
| Malaysian government securities                        | -                                 | -                | -            | -             | -                              | 3,540,792                         | -                                    | -                                   | 3,540,792         |
| Malaysian government guaranteed bonds                  | -                                 | -                | -            | -             | -                              | 1,700,299                         | -                                    | -                                   | 1,700,299         |
| Unquoted bonds of corporations in Malaysia             | 1,303,228                         | 999,301          | -            | -             | -                              | -                                 | -                                    | -                                   | 2,302,529         |
| Unquoted bonds of corporations outside Malaysia        | -                                 | -                | -            | 48,633        | -                              | 40,275                            | -                                    | -                                   | 88,908            |
| Quoted equity securities of corporations in Malaysia   | -                                 | -                | -            | -             | -                              | -                                 | 641,436                              | -                                   | 641,436           |
| Unquoted equity securities of corporations in Malaysia | -                                 | -                | -            | -             | -                              | -                                 | 31,980                               | -                                   | 31,980            |
| Fixed deposits with licensed banks                     | 323,687                           | -                | -            | -             | -                              | -                                 | -                                    | -                                   | 323,687           |
| Other investments                                      | -                                 | -                | -            | -             | -                              | 1,246                             | -                                    | -                                   | 1,246             |
| Other assets   | -                                 | -                | -            | -             | -                              | 1,163                             | -                                    | -                                   | 1,163             |
| <b>AC</b>  |                                   |                  |              |               |                                |                                   |                                      |                                     |                   |
| Other assets   | -                                 | -                | -            | -             | -                              | 56,529                            | 6,466                                | -                                   | 62,995            |
| Cash and cash equivalents                              | 418,895                           | 269,866          | 5,915        | -             | -                              | 11                                | 395,471                              | -                                   | 1,090,158         |
|  | <u>2,911,549</u>                  | <u>1,988,672</u> | <u>5,915</u> | <u>48,633</u> | <u>-</u>                       | <u>9,026,664</u>                  | <u>2,052,291</u>                     | <u>4,858,843</u>                    | <u>20,892,567</u> |

## 28. Financial risks (continued)

### 28.1 Credit risk (continued)

#### Credit exposure by credit rating (continued)

|   | ← Neither past-due nor impaired → |              |             |               |                                |                     | Investment-linked funds<br>RM'000 | Not subject to credit risk<br>RM'000 | Past-due but not impaired<br>RM'000 | Total<br>RM'000 |
|---|-----------------------------------|--------------|-------------|---------------|--------------------------------|---------------------|-----------------------------------|--------------------------------------|-------------------------------------|-----------------|
|   | AAA<br>RM'000                     | AA<br>RM'000 | A<br>RM'000 | BBB<br>RM'000 | Non-investment grade<br>RM'000 | Non-rated<br>RM'000 |                                   |                                      |                                     |                 |
| <b>2024</b>   |                                   |              |             |               |                                |                     |                                   |                                      |                                     |                 |
| <b>FVTPL</b>  |                                   |              |             |               |                                |                     |                                   |                                      |                                     |                 |
| Malaysian government securities                           | -                                 | -            | -           | -             | -                              | 2,420,044           | 678,099                           | -                                    | -                                   | 3,098,143       |
| Malaysian government guaranteed bonds                     | -                                 | -            | -           | -             | -                              | 979,243             | 40,373                            | -                                    | -                                   | 1,019,616       |
| Unquoted bonds of corporations in Malaysia                | 807,983                           | 736,785      | -           | -             | -                              | -                   | 658,229                           | -                                    | -                                   | 2,202,997       |
| Quoted equity securities of corporations in Malaysia      | -                                 | -            | -           | -             | -                              | -                   | -                                 | 3,253,494                            | -                                   | 3,253,494       |
| Quoted equity securities of corporations outside Malaysia | -                                 | -            | -           | -             | -                              | -                   | -                                 | 17,329                               | -                                   | 17,329          |
| Quoted unit trusts in Malaysia                            | -                                 | -            | -           | -             | -                              | -                   | -                                 | 90,271                               | -                                   | 90,271          |
| Unquoted unit trusts in Malaysia                          | -                                 | -            | -           | -             | -                              | -                   | -                                 | 47,997                               | -                                   | 47,997          |
| Unquoted unit trusts outside Malaysia                     | -                                 | -            | -           | -             | -                              | -                   | -                                 | 467,877                              | -                                   | 467,877         |
| Derivatives financial assets                              |                                   |              |             |               |                                |                     |                                   |                                      |                                     |                 |
| Collateralised interest rate swap                         | 12,934                            | -            | -           | -             | -                              | -                   | -                                 | -                                    | -                                   | 12,934          |
| Cross currency swap                                       | 150                               | -            | -           | -             | -                              | -                   | -                                 | -                                    | -                                   | 150             |
| Fixed deposits with licensed banks                        | 35,262                            | -            | -           | -             | -                              | -                   | 39,702                            | -                                    | -                                   | 74,964          |

## 28. Financial risks (continued)

### 28.1 Credit risk (continued)

#### Credit exposure by credit rating (continued)

| 2024 (continued)                                       | ← Neither past-due nor impaired → |                  |               |               |                                | Investment-linked funds<br>RM'000 | Not subject to credit risk<br>RM'000 | Past-due but not impaired<br>RM'000 | Total<br>RM'000   |
|--|-----------------------------------|------------------|---------------|---------------|--------------------------------|-----------------------------------|--------------------------------------|-------------------------------------|-------------------|
|  | AAA<br>RM'000                     | AA<br>RM'000     | A<br>RM'000   | BBB<br>RM'000 | Non-investment grade<br>RM'000 |                                   |                                      |                                     |                   |
| <b>FVOCI</b>   |                                   |                  |               |               |                                |                                   |                                      |                                     |                   |
| Malaysian government securities                        | -                                 | -                | -             | -             | -                              | 3,380,141                         | -                                    | -                                   | 3,380,141         |
| Malaysian government guaranteed bonds                  | -                                 | -                | -             | -             | -                              | 1,715,301                         | -                                    | -                                   | 1,715,301         |
| Unquoted bonds of corporations in Malaysia             | 1,350,255                         | 1,046,635        | -             | -             | -                              | -                                 | -                                    | -                                   | 2,396,890         |
| Unquoted bonds of corporations outside Malaysia        | -                                 | -                | 8,016         | 53,036        | -                              | 43,192                            | -                                    | -                                   | 104,244           |
| Quoted equity securities of corporations in Malaysia   | -                                 | -                | -             | -             | -                              | -                                 | 623,299                              | -                                   | 623,299           |
| Unquoted equity securities of corporations in Malaysia | -                                 | -                | -             | -             | -                              | -                                 | 32,321                               | -                                   | 32,321            |
| Fixed deposits with licensed banks                     | 159,040                           | -                | -             | -             | -                              | -                                 | -                                    | -                                   | 159,040           |
| Other investments                                      | -                                 | -                | -             | -             | -                              | 3,795                             | -                                    | -                                   | 3,795             |
| Other assets   | -                                 | -                | -             | -             | -                              | 1,058                             | -                                    | -                                   | 1,058             |
| <b>AC</b>  |                                   |                  |               |               |                                |                                   |                                      |                                     |                   |
| Other assets   | -                                 | -                | -             | -             | -                              | 59,063                            | -                                    | -                                   | 59,063            |
| Cash and cash equivalents                              | 518,339                           | 733,454          | 5,050         | -             | -                              | 11                                | -                                    | -                                   | 1,256,854         |
|  | <u>2,883,963</u>                  | <u>2,516,874</u> | <u>13,066</u> | <u>53,036</u> | <u>-</u>                       | <u>8,601,848</u>                  | <u>1,416,403</u>                     | <u>4,532,588</u>                    | <u>20,017,778</u> |

## 28. Financial risks (continued)

### 28.2 Liquidity risk

Liquidity risk refers to the risk of potential inability to meet current or future payment obligations, along with the risk that in the case of a liquidity crisis of the Company, refinancing is only possible at higher interest rates or assets may have to be liquidated at a discount.

Besides monitoring the liquidity position of the Company regularly, the investment strategies particularly focus on the quality of investments and ensure a sufficient portion of liquid assets in the portfolio. Some other tools used by the Company include ensuring that its assets and liabilities are adequately matched and stress testing to assess liquidity needs.

#### **Maturity profiles**

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on remaining undiscounted contractual obligations, including interest/profit payable.

For insurance contract liabilities, maturity profiles are determined based on estimated timing of net cash outflows (undiscounted) from the recognised insurance liabilities.

**28. Financial risks (continued)****28.2 Liquidity risk (continued)****Maturity profiles (continued)****Financial assets**

|   | Carrying<br>value<br>RM'000 | Up to a<br>year<br>RM'000 | 1-2 years<br>RM'000 | 2-3 years<br>RM'000 | 3-4 years<br>RM'000 | 4-5 years<br>RM'000 | Over 5<br>years<br>RM'000 | No maturity<br>date<br>RM'000 | Total<br>RM'000   |
|---|-----------------------------|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------------|-------------------------------|-------------------|
| <b>2025</b>   |                             |                           |                     |                     |                     |                     |                           |                               |                   |
| Malaysian government securities                           | 7,007,392                   | 420,355                   | 786,940             | 475,791             | 846,477             | 705,879             | 6,208,474                 | -                             | 9,443,916         |
| Malaysian government guaranteed bonds                     | 2,720,278                   | 103,941                   | 276,589             | 221,378             | 250,342             | 75,994              | 3,000,426                 | -                             | 3,928,670         |
| Quoted equity securities of corporations in Malaysia      | 3,969,513                   | -                         | -                   | -                   | -                   | -                   | -                         | 3,969,513                     | 3,969,513         |
| Quoted equity securities of corporations outside Malaysia | 6,398                       | -                         | -                   | -                   | -                   | -                   | -                         | 6,398                         | 6,398             |
| Unquoted equity securities of corporations in Malaysia    | 31,980                      | -                         | -                   | -                   | -                   | -                   | -                         | 31,980                        | 31,980            |
| Unquoted bonds of corporations in Malaysia                | 4,531,183                   | 499,026                   | 743,814             | 869,298             | 741,826             | 261,327             | 2,292,754                 | -                             | 5,408,045         |
| Unquoted bonds of corporations outside Malaysia           | 88,908                      | 90,594                    | -                   | -                   | -                   | -                   | -                         | -                             | 90,594            |
| Quoted unit trusts in Malaysia                            | 80,973                      | -                         | -                   | -                   | -                   | -                   | -                         | 80,973                        | 80,973            |
| Unquoted unit trusts in Malaysia                          | 50,116                      | -                         | -                   | -                   | -                   | -                   | -                         | 50,116                        | 50,116            |
| Unquoted unit trusts outside Malaysia                     | 719,863                     | -                         | -                   | -                   | -                   | -                   | -                         | 719,863                       | 719,863           |
| Fixed deposits with licensed banks                        | 440,639                     | 446,642                   | -                   | -                   | -                   | -                   | -                         | -                             | 446,642           |
| Structured deposits                                       | 75,100                      | -                         | -                   | 75,100              | -                   | -                   | -                         | -                             | 75,100            |
| Other investment  | 1,246                       | 254                       | 254                 | 254                 | 254                 | 230                 | -                         | -                             | 1,246             |
| Derivative financial assets                               |                             |                           |                     |                     |                     |                     |                           |                               |                   |
| Collateralised Interest Rate Swap                         | 10,403                      | -                         | 4,255               | 6,148               | -                   | -                   | -                         | -                             | 10,403            |
| Cross Currency Swap                                       | 3,687                       | 3,687                     | -                   | -                   | -                   | -                   | -                         | -                             | 3,687             |
| Foreign currency forward contracts                        | 572                         | 572                       | -                   | -                   | -                   | -                   | -                         | -                             | 572               |
| Other assets  | 64,158                      | 44,759                    | 18,597              | 162                 | 158                 | 155                 | 748                       | -                             | 64,579            |
| Cash and cash equivalents                                 | 1,090,158                   | 1,090,158                 | -                   | -                   | -                   | -                   | -                         | -                             | 1,090,158         |
|   | <b>20,892,567</b>           | <b>2,699,988</b>          | <b>1,830,449</b>    | <b>1,648,131</b>    | <b>1,839,057</b>    | <b>1,043,585</b>    | <b>11,502,402</b>         | <b>4,858,843</b>              | <b>25,422,455</b> |

## 28. Financial risks (continued)

### 28.2 Liquidity risk (continued)

#### Maturity profiles (continued)

#### Financial assets (continued)

|   | Carrying<br>value<br>RM'000 | Up to a<br>year<br>RM'000 | 1-2 years<br>RM'000 | 2-3 years<br>RM'000 | 3-4 years<br>RM'000 | 4-5 years<br>RM'000 | Over 5<br>years<br>RM'000 | No maturity<br>date<br>RM'000 | Total<br>RM'000   |
|---|-----------------------------|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------------|-------------------------------|-------------------|
| <b>2024</b>   |                             |                           |                     |                     |                     |                     |                           |                               |                   |
| Malaysian government securities                           | 6,478,284                   | 306,028                   | 410,274             | 722,078             | 550,939             | 823,073             | 5,898,361                 | -                             | 8,710,753         |
| Malaysian government guaranteed bonds                     | 2,734,917                   | 123,951                   | 75,127              | 282,375             | 242,067             | 254,291             | 3,019,383                 | -                             | 3,997,194         |
| Quoted equity securities of corporations in Malaysia      | 3,876,793                   | -                         | -                   | -                   | -                   | -                   | -                         | 3,872,867                     | 3,872,867         |
| Quoted equity securities of corporations outside Malaysia | 17,329                      | -                         | -                   | -                   | -                   | -                   | -                         | 21,255                        | 21,255            |
| Unquoted equity securities of corporations in Malaysia    | 32,321                      | -                         | -                   | -                   | -                   | -                   | -                         | 32,321                        | 32,321            |
| Unquoted bonds of corporations in Malaysia                | 4,599,887                   | 1,008,247                 | 555,877             | 412,692             | 841,990             | 597,034             | 2,060,235                 | -                             | 5,476,075         |
| Unquoted bonds of corporations outside Malaysia           | 104,244                     | 63,300                    | 45,856              | -                   | -                   | -                   | -                         | -                             | 109,156           |
| Quoted unit trusts in Malaysia                            | 90,271                      | -                         | -                   | -                   | -                   | -                   | -                         | 90,271                        | 90,271            |
| Unquoted unit trusts in Malaysia                          | 47,997                      | -                         | -                   | -                   | -                   | -                   | -                         | 47,997                        | 47,997            |
| Unquoted unit trusts outside Malaysia                     | 467,877                     | -                         | -                   | -                   | -                   | -                   | -                         | 467,877                       | 467,877           |
| Fixed deposits with licensed banks                        | 234,004                     | 237,486                   | -                   | -                   | -                   | -                   | -                         | -                             | 237,486           |
| Other investment  | 3,795                       | 323                       | 323                 | 323                 | 323                 | 323                 | 2,180                     | -                             | 3,795             |
| Derivative financial assets                               |                             |                           |                     |                     |                     |                     |                           |                               |                   |
| Collateralised Interest Rate Swap                         | 12,934                      | -                         | -                   | 6,170               | 6,764               | -                   | -                         | -                             | 12,934            |
| Cross Currency Swap                                       | 150                         | 150                       | -                   | -                   | -                   | -                   | -                         | -                             | 150               |
| Other assets  | 60,121                      | 46,551                    | 12,870              | 154                 | 149                 | 140                 | 641                       | -                             | 60,505            |
| Cash and cash equivalents                                 | 1,256,854                   | 1,256,854                 | -                   | -                   | -                   | -                   | -                         | -                             | 1,256,854         |
|   | <b>20,017,778</b>           | <b>3,042,890</b>          | <b>1,100,327</b>    | <b>1,423,792</b>    | <b>1,642,232</b>    | <b>1,674,861</b>    | <b>10,980,800</b>         | <b>4,532,588</b>              | <b>24,397,490</b> |



## 28. Financial risks (continued)

### 28.2 Liquidity risk (continued)

#### Maturity profiles (continued)

#### Non-derivative financial liabilities

|                                  | Carrying<br>value<br>RM'000 | Up to a<br>year<br>RM'000 | 1-2 years<br>RM'000 | 2-3 years<br>RM'000 | 3-4 years<br>RM'000 | 4-5 years<br>RM'000 | Over 5<br>years<br>RM'000 | No maturity<br>date<br>RM'000 | Total<br>RM'000   |
|----------------------------------|-----------------------------|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------------|-------------------------------|-------------------|
| <b>2024</b>                      |                             |                           |                     |                     |                     |                     |                           |                               |                   |
| Insurance contract liabilities   |                             |                           |                     |                     |                     |                     |                           |                               |                   |
| With DPF                         | 3,636,286                   | 580,297                   | 224,480             | 223,662             | 214,544             | 205,486             | 5,174,844                 | -                             | 6,623,313         |
| Without DPF                      | 12,740,497                  | 1,769,327                 | 23,190              | 141,538             | 222,254             | 364,427             | 9,792,222                 | -                             | 12,312,958        |
| Reinsurance contract liabilities |                             |                           |                     |                     |                     |                     |                           |                               |                   |
| With DPF                         | (10,318)                    | (10,318)                  | -                   | -                   | -                   | -                   | -                         | -                             | (10,318)          |
| Without DPF                      | 142,499                     | 43,017                    | (1,868)             | 620                 | 2,841               | 4,780               | 128,154                   | -                             | 177,544           |
| Lease liabilities                | 6,736                       | 4,238                     | 2,141               | -                   | -                   | -                   | -                         | -                             | 6,379             |
| Other liabilities                | 357,094                     | 357,094                   | -                   | -                   | -                   | -                   | -                         | -                             | 357,094           |
| <b>Total liabilities</b>         | <b>16,872,794</b>           | <b>2,743,655</b>          | <b>247,943</b>      | <b>365,820</b>      | <b>439,639</b>      | <b>574,693</b>      | <b>15,095,220</b>         | <b>-</b>                      | <b>19,466,970</b> |

#### Derivative financial liabilities

The table below analyses the Company's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a gross basis.

|                                     | Up to a<br>year<br>RM'000 | 1-2 years<br>RM'000 | 2-3 years<br>RM'000 | 3-4 years<br>RM'000 | 4-5 years<br>RM'000 | Over 5<br>years<br>RM'000 | No maturity<br>date<br>RM'000 | Total<br>RM'000 |
|-------------------------------------|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------------|-------------------------------|-----------------|
| <b>2024</b>                         |                           |                     |                     |                     |                     |                           |                               |                 |
| <b>Derivatives held for trading</b> |                           |                     |                     |                     |                     |                           |                               |                 |
| Cross currency swaps                | -                         | (2,842)             | (265)               | -                   | -                   | -                         | -                             | (3,107)         |
| Net cash outflows                   | -                         | (2,842)             | (265)               | -                   | -                   | -                         | -                             | (3,107)         |

## 28. Financial risks (continued)

### 28.2 Liquidity risk (continued)

#### Maturity profiles (continued)

The amounts from insurance contract liabilities that are payable on demand are set out below:

|   | 2025                               |                           | 2024                               |                           |
|---|------------------------------------|---------------------------|------------------------------------|---------------------------|
|   | Amount payable on demand<br>RM'000 | Carrying amount<br>RM'000 | Amount payable on demand<br>RM'000 | Carrying amount<br>RM'000 |
| Direct participating contracts              | 15,312,459                         | 15,965,198                | 14,516,809                         | 15,161,461                |
| Other non-participating insurance contracts | 435,101                            | 1,026,718                 | 591,133                            | 1,215,322                 |
|   | <u>15,747,560</u>                  | <u>16,991,916</u>         | <u>15,107,942</u>                  | <u>16,376,783</u>         |

### 28.3 Market risk

Market risk is the risk of loss arising due to changes in market prices or parameters influencing market prices, and in particular the resultant interest rate guarantee risks from asset liability management or from changes to the participations. This includes changes in market prices due to a worsening of market liquidity. Market risk comprises currency risk, interest rate risk and equity price risk.

The following risk mitigation actions are in place to control and monitor such risk:

- Investment Committee actively monitors the investment activities undertaken by the Company.
- Investment Committee would make recommendations after balancing competing and legitimate objective of various stakeholders.
- The Investment Policy and Mandate which formulated the single counterparty limits, company limits and sector limits are in place. Compliance to such limits is monitored monthly and reported to RMWC, RMC and IC on a quarterly basis.
- Stress testing is performed as and when needed.
- Stop loss policy is in place.

The Company also issues investment-linked policies in a number of products. In the investment-linked business, the policyholders bear the investment risk on the assets held in the investment-linked funds as the policy benefits are directly linked to the value of the assets in the funds. The Company's exposure to market risk on this business is limited to the extent that income arising from fund management charges is based on the value of the assets in the funds.

## 28. Financial risks (continued)

### 28.3 Market risk (continued)

#### 28.3.1 Currency risk

Currency risk is the risk arising from the fluctuation of foreign exchange rates.

The Company's primary transactions are carried out in Ringgit Malaysia (RM) and its exposure to foreign exchange risk arises principally with respect to US Dollar (USD), Singapore Dollar (SGD), Thai Baht (THB), European Union (EUR) and Indonesian Rupiah (IDR). As the Company's business is conducted primarily in Malaysia, the Company's financial assets are also primarily maintained in Malaysia as required under the Financial Services Act 2013 and hence, primarily denominated in the same currency as its insurance contract liabilities. Thus, the main foreign exchange risk from recognised assets and liabilities arises from transactions other than those in which insurance contract liabilities are expected to be settled.

As the Company's main foreign exchange risk from recognised assets and liabilities arises from reinsurance transactions for which the balances are expected to be settled and realised in less than a year, the impact arising from sensitivity in foreign exchange rates is deemed minimal as the Company has no significant concentration of foreign currency risk. All currency risk in investment-linked funds is borne by policyholders.

#### Exposure to foreign currency risk

The Company's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was:

| 2025<br>Financial assets | Insurance and<br>Shareholders' funds<br>RM'000 | Investment-<br>linked funds<br>RM'000 |
|--------------------------|--|---------------------------------------|
| <b>Denominated in</b>    |  |                                       |
| USD                      | 88,908   | 699,771                               |
| EUR                      | -  | 6,990                                 |
| SGD                      | -  | 4,049                                 |
| THB                      | -  | 723                                   |
| IDR                      | -  | 14,728                                |
|                          | -  | 14,728                                |

## 28. Financial risks (continued)

### 28.3 Market risk (continued)

#### 28.3.1 Currency risk (continued)

##### Exposure to foreign currency risk (continued)

| 2024<br>Financial assets | Insurance and<br>Shareholders' funds<br>RM'000 | Investment-<br>linked funds<br>RM'000 |
|--------------------------|--|---------------------------------------|
| <b>Denominated in</b>    |  |                                       |
| USD                      | 104,244  | 449,380                               |
| EUR                      | -  | 4,228                                 |
| SGD                      | -  | 2,147                                 |
| THB                      | -  | 14,435                                |
| IDR                      | -  | 15,016                                |

##### Currency risk sensitivity analysis

It is estimated that a 10% (2024:10%) strengthening of the Ringgit Malaysia (RM) against the following currencies at the end of the reporting period would have decreased the insurance contract liabilities by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted income and expenses.

## 28. Financial risks (continued)

### 28.3 Market risk (continued)

#### 28.3.1 Currency risk (continued)

| Denominated in | Impact on insurance<br>contract liabilities | Impact on insurance<br>contract liabilities |
|----------------|---|---|
|                | 2025<br>RM'000                              | 2024<br>RM'000                              |
| USD            | (78,868)                                    | (55,362)                                    |
| EUR            | (699)                                       | (423)                                       |
| SGD            | (405)                                       | (215)                                       |
| THB            | (72)  | (1,444)                                     |
| IDR            | (1,473)                                     | (1,502)                                     |

It is estimated that a 10% (2024:10%) weakening of the Ringgit Malaysia (RM) against the above currencies at the end of the reporting period would have equal but opposite effect on the above currencies to the amount shown above, on the basis that all variables remained constant.

The method used for deriving sensitivity information and significant variables did not change from previous year.

Only Life Participating fund and investment-linked funds invested in foreign financial instruments.

## 28. Financial risks (continued)

### 28.3 Market risk (continued)

#### 28.3.2 Interest rate risk

The Company is affected by changes in market interest rate because the change in interest rates that will affect the value of mark to market fixed income investments and also the valuation of the liabilities, resulting in the risk of not being able to meet product guarantees.

Besides, due to the uncertainty of the cash flows of the insurance funds and scarcity of the longer dated instruments, it is not possible to hold assets that will perfectly match the policy liabilities.

#### Interest rate risk sensitivity analysis

The analysis below is performed for assumed movements of 100 bps in interest rate with all other variables held constant, showing the impact on the profit after tax, equity and insurance contract liabilities.

|               | Change in variables | Impact on profit after tax<br>RM'000 | Impact on equity*<br>RM'000 | Impact on insurance contract liabilities**<br>RM'000 |
|---------------|---------------------|--------------------------------------|-----------------------------|--|
| <b>2025</b>   |                     |                                      |                             |  |
| Interest rate | +100 basis points   | -                                    | (130,373)                   | (564,785)  |
| Interest rate | -100 basis points   | -                                    | 139,424                     | 633,291  |
| <b>2024</b>   |                     |                                      |                             |  |
| Interest rate | +100 basis points   | -                                    | (138,683)                   | (534,801)  |
| Interest rate | -100 basis points   | -                                    | 148,986                     | 599,087  |

## 28. Financial risks (continued)

### 28.3 Market risk (continued)

#### 28.3.2 Interest rate risk (continued)

##### Interest rate risk sensitivity analysis (continued)

The impact on profit after tax would be dependent on whether the interest rate risk resides in Shareholders' fund, Life Non-Participating insurance fund, Life Participating insurance fund or investment-linked funds. Where the interest rate risk resides in Shareholders' fund and Life Non-Participating fund, the profit after tax and equity of the Company will be impacted. In respect of Life Participating fund and investment-linked funds, impact arising from changes in interest rate risk will affect the insurance contract liabilities. It should be noted that movements in these variables are non-linear.

\* The impact on equity reflects adjustments for tax, where applicable.

\*\* The impact on insurance contract liabilities only reflects the changes in the prescribed assumptions above without any adjustments to policyholders' bonuses for the participating insurance business. Impact on insurance contract liabilities also reflects adjustments for tax, where applicable.

The method used for deriving sensitivity information and significant variables did not change from the previous year.

## 28. Financial risks (continued)

### 28.3 Market risk (continued)

#### 28.3.3 Equity price risk

Equity price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument of its issuer or factors affecting similar financial instruments traded in the market.

The Company's equity price risk exposures relate to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally with respect to investment securities not held for the account of the investment-linked business.

The Company's equity price risk policy requires it to prioritise capital preservation besides setting limits on overall portfolio, single security and sector holdings. The Company complies with BNM stipulated limits during the financial year and has no significant concentration of equity price risk.

## 28. Financial risks (continued)

### 28.3 Market risk (continued)

#### 28.3.3 Equity price risk (continued)

##### Equity price risk sensitivity analysis

The analysis below is performed for reasonable possible movements in key variables with all other variables held constant, showing the impact on profit after tax, equity and insurance contract liabilities. The correlation of variables will have a significant effect in determining the ultimate impact on equity price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

|                       | Changes in variable | 2025                                  |                             |  | 2024                                  |                             |  |
|-----------------------|---------------------|---------------------------------------|-----------------------------|--|---------------------------------------|-----------------------------|--|
|                       |                     | Impact on profit after tax#<br>RM'000 | Impact on equity*<br>RM'000 | Impact on insurance contract liabilities**<br>RM'000 | Impact on profit after tax#<br>RM'000 | Impact on equity*<br>RM'000 | Impact on insurance contract liabilities**<br>RM'000 |
| <b>Market indices</b> |                     |                                       |                             |  |                                       |                             |  |
| Market value          | -10%                | -                                     | -                           | (371,524)  | -                                     | -                           | (362,951)  |
| Market value          | 10%                 | -                                     | -                           | 371,524  | -                                     | -                           | 362,951  |

## 28. Financial risks (continued)

### 28.3 Market risk (continued)

#### 28.3.3 Equity price risk (continued)

# The impact on profit after tax would be dependent on whether the equity price risk resides in Shareholders' fund, Life Non-Participating insurance fund, Life Participating insurance fund or investment-linked funds. Where the equity price risk resides in Shareholders' fund and Life Non-Participating fund, the profit after tax and equity of the Company will be impacted. In respect of life participating fund and investment-linked funds, impact arising from changes in equity price risk will affect the insurance contract liabilities.

\* The impact on equity reflects adjustments for tax, where applicable.

\*\* The impact on insurance contract liabilities only reflects the changes in the prescribed assumptions above without any adjustments to policyholders' bonuses for the participating insurance business. Impact on insurance contract liabilities also reflects adjustments for tax, where applicable.

The method used for deriving sensitivity information and significant variables did not change from the previous year.

Only Life Participating fund, universal life fund and investment-linked funds invested in equity securities.

### 28.4 Operational risk

Operational risk is the risk of losses resulting from inadequate or failed internal processes and systems, human factors or external events.

Operational risk management is a continuous process which includes risk identification, measurement, quantification, management and monitoring to mitigate such risks. It covers a combination of the activities disclosed in "operational risk management" of B1(ii) corporate governance disclosure.

## 28. Financial risks (continued)

### 28.5 Fair value of financial instruments

The Company's basis in estimation of fair values for financial instruments is as follows:

- The fair values of collateralised interest rate swap and cross currency swap are based on the indicative market prices from the issuing banks;
- The fair value of foreign currency forward contracts is determined using quoted forward exchange rates at the reporting date.

The Company uses foreign currency forward contracts to minimise its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities.

The foreign currency forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure and fair value changes exposure. Any gains or losses arising from changes in the fair value of derivatives are recognised directly in profit or loss.

- The fair values of quoted equity securities of corporations in and outside Malaysia and quoted unit trusts in Malaysia are based on quoted market bid price as at the end of the reporting period;
- The unquoted equity securities of corporations in Malaysia are stated at cost. Where in the opinion of the Directors, there is a decline other than temporary in value of unquoted equity securities, the allowance for impairment is recognised as an expense in the financial year in which the decline is identified;
- The fair values of Malaysian government securities, Malaysian government guaranteed bonds, unquoted bonds of corporations in and outside Malaysia are based on the indicative market prices provided by its custodian bank;
- The fair values of unquoted unit trusts in and outside Malaysia are based on the net asset values of the unit trusts as at the date of the statements of assets and liabilities obtained from fund managers;
- The carrying amount of mortgage loans, other secured loans and fixed and call deposits approximate their fair values; and
- The carrying amount of cash and cash equivalents, other assets (current) and other liabilities (current) reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

Estimation of the fair values of Malaysian government securities, Malaysian government guaranteed bonds, unquoted bonds of corporations in and outside Malaysia are based on the indicative market prices provided by its custodian bank which involve projections of the market yields based on past transactions. There are elements of uncertainty in projecting the expected market yields and these uncertainties arise from changes in underlying risk and overall economic conditions. As such, the projected market yields may be different from the actual market yields in future.

It was not practicable to estimate the fair value of the Company's investment in unquoted equity securities of corporations in Malaysia due to lack of comparable quoted market prices and inability to estimate fair value without incurring excessive costs.

## 28. Financial risks (continued)

### 28.5 Fair value of financial instruments (continued)

#### 28.5.1 Fair value information

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

|   | Fair value of financial instruments carried at<br>fair value |                   |                   | Total<br>RM'000   | Total<br>fair value<br>RM'000 | Carrying<br>amount<br>RM'000 |
|---|--|-------------------|-------------------|-------------------|-------------------------------|------------------------------|
|   | Level 1<br>RM'000  | Level 2<br>RM'000 | Level 3<br>RM'000 |                   |                               |                              |
| <b>31 December 2025</b>                                   |  |                   |                   |                   |                               |                              |
| <b>Financial assets</b>                                   |  |                   |                   |                   |                               |                              |
| Malaysian government securities                           | -  | 7,007,392         | -                 | 7,007,392         | 7,007,392                     | 7,007,392                    |
| Malaysian government guaranteed bonds                     | -  | 2,720,278         | -                 | 2,720,278         | 2,720,278                     | 2,720,278                    |
| Quoted equity securities of corporations in Malaysia      | 3,969,513  | -                 | -                 | 3,969,513         | 3,969,513                     | 3,969,513                    |
| Quoted equity securities of corporations outside Malaysia | 6,398  | -                 | -                 | 6,398             | 6,398                         | 6,398                        |
| Unquoted equity securities of corporations in Malaysia    | -  | -                 | 31,980            | 31,980            | 31,980                        | 31,980                       |
| Unquoted bonds of corporations in Malaysia                | -  | 4,531,183         | -                 | 4,531,183         | 4,531,183                     | 4,531,183                    |
| Unquoted bonds of corporations outside Malaysia           | -  | 88,908            | -                 | 88,908            | 88,908                        | 88,908                       |
| Quoted unit trusts in Malaysia                            | 80,973   | -                 | -                 | 80,973            | 80,973                        | 80,973                       |
| Unquoted unit trusts in Malaysia                          | -  | 50,116            | -                 | 50,116            | 50,116                        | 50,116                       |
| Unquoted unit trusts outside Malaysia                     | -  | 719,863           | -                 | 719,863           | 719,863                       | 719,863                      |
| Collateralised interest rate swap                         | -  | 10,403            | -                 | 10,403            | 10,403                        | 10,403                       |
| Cross currency swap                                       | -  | 3,687             | -                 | 3,687             | 3,687                         | 3,687                        |
| Foreign currency forward contracts                        | -  | 572               | -                 | 572               | 572                           | 572                          |
| Other investments   | -  | -                 | 1,246             | 1,246             | 1,246                         | 1,246                        |
| Structured deposits                                       | -  | 75,100            | -                 | 75,100            | 75,100                        | 75,100                       |
| Fixed deposits with licensed banks                        | -  | 440,639           | -                 | 440,639           | 440,639                       | 440,639                      |
|   | <b>4,056,884</b>   | <b>15,648,141</b> | <b>33,226</b>     | <b>19,738,251</b> | <b>19,738,251</b>             | <b>19,738,251</b>            |

## 28. Financial risks (continued)

### 28.5 Fair value of financial instruments (continued)

#### 28.5.1 Fair value information (continued)

| 31 December 2025 (continued) | Fair value of financial instruments carried at<br>fair value |                   |                   | Total<br>RM'000 | Total<br>fair value<br>RM'000 | Carrying<br>amount<br>RM'000 |
|------------------------------|--|-------------------|-------------------|-----------------|-------------------------------|------------------------------|
|                              | Level 1<br>RM'000  | Level 2<br>RM'000 | Level 3<br>RM'000 |                 |                               |                              |
| <b>Financial liabilities</b> |  |                   |                   |                 |                               |                              |
| Lease liabilities            | -  | -                 | -                 | -               | 5,638                         | 5,638                        |
|                              | -  | -                 | -                 | -               | 5,638                         | 5,638                        |

## 28. Financial risks (continued)

### 28.5 Fair value of financial instruments (continued)

#### 28.5.1 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

|   | Fair value of financial instruments carried at<br>fair value |                   |                   | Total<br>RM'000   | Total<br>fair value<br>RM'000 | Carrying<br>amount<br>RM'000 |
|---|--|-------------------|-------------------|-------------------|-------------------------------|------------------------------|
|   | Level 1<br>RM'000  | Level 2<br>RM'000 | Level 3<br>RM'000 |                   |                               |                              |
| <b>31 December 2024</b>                                   |  |                   |                   |                   |                               |                              |
| <b>Financial assets</b>                                   |  |                   |                   |                   |                               |                              |
| Malaysian government securities                           | -  | 6,478,284         | -                 | 6,478,284         | 6,478,284                     | 6,478,284                    |
| Malaysian government guaranteed bonds                     | -  | 2,734,917         | -                 | 2,734,917         | 2,734,917                     | 2,734,917                    |
| Quoted equity securities of corporations in Malaysia      | 3,876,793  | -                 | -                 | 3,876,793         | 3,876,793                     | 3,876,793                    |
| Quoted equity securities of corporations outside Malaysia | 17,329   | -                 | -                 | 17,329            | 17,329                        | 17,329                       |
| Unquoted equity securities of corporations in Malaysia    | -  | -                 | 32,321            | 32,321            | 32,321                        | 32,321                       |
| Unquoted bonds of corporations in Malaysia                | -  | 4,599,887         | -                 | 4,599,887         | 4,599,887                     | 4,599,887                    |
| Unquoted bonds of corporations outside Malaysia           | -  | 104,244           | -                 | 104,244           | 104,244                       | 104,244                      |
| Quoted unit trusts in Malaysia                            | 90,271   | -                 | -                 | 90,271            | 90,271                        | 90,271                       |
| Unquoted unit trusts in Malaysia                          | -  | 47,997            | -                 | 47,997            | 47,997                        | 47,997                       |
| Unquoted unit trusts outside Malaysia                     | -  | 467,877           | -                 | 467,877           | 467,877                       | 467,877                      |
| Collateralised interest rate swap                         | -  | 12,934            | -                 | 12,934            | 12,934                        | 12,934                       |
| Cross currency swap                                       | -  | 150               | -                 | 150               | 150                           | 150                          |
| Other investments   | -  | -                 | 3,795             | 3,795             | 3,795                         | 3,795                        |
| Fixed deposits with licensed banks                        | -  | 234,004           | -                 | 234,004           | 234,004                       | 234,004                      |
|   | <b>3,984,393</b>   | <b>14,680,294</b> | <b>36,116</b>     | <b>18,700,803</b> | <b>18,700,803</b>             | <b>18,700,803</b>            |

## 28. Financial risks (continued)

### 28.5 Fair value of financial instruments (continued)

#### 28.5.1 Fair value information (continued)

| 31 December 2024 (continued) | Fair value of financial instruments carried at<br>fair value |                   |                   | Total<br>RM'000 | Total<br>fair value<br>RM'000 | Carrying<br>amount<br>RM'000 |
|------------------------------|--|-------------------|-------------------|-----------------|-------------------------------|------------------------------|
|                              | Level 1<br>RM'000  | Level 2<br>RM'000 | Level 3<br>RM'000 |                 |                               |                              |
| <b>Financial liabilities</b> |  |                   |                   |                 |                               |                              |
| Cross currency swap          | -  | 3,107             | -                 | 3,107           | 3,107                         | 3,107                        |
| Lease liabilities            | -  | -                 | -                 | -               | 6,736                         | 6,736                        |
|                              | -  | 3,107             | -                 | 3,107           | 9,843                         | 9,843                        |

#### Transfers between Level 1, Level 2 and Level 3 fair values

There has been no transfer between Level 1, Level 2 and Level 3 of the fair value hierarchy during the financial period ended 31 December 2025 (2024: no transfer in either direction).

The following table presents the changes in Level 3 instrument measured at FVTPL:

|  | 2025<br>RM'000 | 2024<br>RM'000 |
|--|----------------|----------------|
| At the beginning of the financial year           | 3,795          | 14,772         |
| Fair value movement recognised in profit or loss | (2,549)        | (10,977)       |
| At the end of the financial year                 | 1,246          | 3,795          |

## 29. Capital management

### Regulatory capital requirements

Under Risk-Based Capital Framework for Insurers (“RBC Framework”) issued by BNM, insurance companies need to maintain a capital adequacy level that commensurate with their risk profiles. All insurance companies are required to maintain a minimum Capital Adequacy Ratio (“CAR”) of 130% and an internal target capital level required by BNM or level determined under the Internal Capital Adequacy Assessment Process. The internal target will include additional capacity to absorb unexpected losses beyond those that are covered under the minimum required CAR.

The Company has been in compliance with the said requirement by maintaining a CAR that is in excess of minimum requirement.

The total capital available of the Company as at 31 December 2025, as prescribed under the RBC Framework is provided below:

|   | Note | 2025<br>RM'000   | 2024<br>RM'000   |
|---|------|------------------|------------------|
| <b>Tier 1 Capital</b>                                 |      |                  |                  |
| Paid up share capital                                 | 9    | 236,600          | 236,600          |
| Reserves, including retained earnings                 |      | 2,131,648        | 2,124,460        |
| Capital instruments which qualifies as Tier 1 Capital |      | 307,736          | 331,663          |
|   |      | <u>2,675,984</u> | <u>2,692,723</u> |
| <b>Tier 2 Capital</b>                                 |      |                  |                  |
| Revaluation reserve                                   |      | 13,829           | 13,829           |
| Other comprehensive income                            |      | 333,156          | 219,065          |
| Other reserves  |      | 6,326            | 23,745           |
|   |      | <u>353,311</u>   | <u>256,639</u>   |
| <b>Amount deducted from capital</b>                   |      | (106,001)        | (98,886)         |
| <b>Total capital available</b>                        |      | <u>2,923,294</u> | <u>2,850,476</u> |

These are based on statistical returns for financial year 2025 and 2024, including the estimation of insurance contract liabilities based on the valuation methods specified in Part D of the RBC Framework in accordance with the provisions of the FSA 2013 and the accounting policies prescribed in the notes to the statistical returns.

### 30. Insurance funds

The Company's activities are organised by funds and segregated into Life and Shareholders' funds in accordance with the Financial Services Act, 2013.

The Company's statement of financial position and statement of profit or loss have been further analysed by funds.

The life insurance business offers a wide range of participating and non-participating Whole life, Term assurance, Endowment, as well as investment-linked products.

#### Statement of financial position by funds as at 31 December

|                               | Shareholders' fund |         | Life fund  |            | Total      |            |
|-------------------------------|--------------------|---------|------------|------------|------------|------------|
|                               | 2025               | 2024    | 2025       | 2024       | 2025       | 2024       |
|                               | RM'000             | RM'000  | RM'000     | RM'000     | RM'000     | RM'000     |
| <b>Assets</b>                 |                    |         |            |            |            |            |
| Property, plant and equipment | -                  | -       | 30,223     | 36,341     | 30,223     | 36,341     |
| Right-of-use assets           | -                  | -       | 18,218     | 19,232     | 18,218     | 19,232     |
| Intangible assets             | 67,749             | 73,908  | 29,387     | 12,962     | 97,136     | 86,870     |
| Investments                   | 322,427            | 240,910 | 19,401,162 | 18,446,809 | 19,723,589 | 18,687,719 |
| Derivative financial assets   | -                  | -       | 14,662     | 13,084     | 14,662     | 13,084     |
| Reinsurance contract assets   | -                  | -       | 64,643     | -          | 64,643     | -          |
| Other assets*                 | 314,447            | 293,452 | 63,983     | 59,945     | 64,158     | 60,121     |
| Cash and cash equivalents     | 22,538             | 103,983 | 1,067,620  | 1,152,871  | 1,090,158  | 1,256,854  |
|                               | 727,161            | 712,253 | 20,689,898 | 19,741,244 | 21,102,787 | 20,160,221 |

### 30. Insurance funds (continued)

#### Statement of financial position by funds as at 31 December (continued)

|   | Shareholders' fund |                | Life fund      |                | Total          |                |
|---|--------------------|----------------|----------------|----------------|----------------|----------------|
|   | 2025<br>RM'000     | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 | 2025<br>RM'000 | 2024<br>RM'000 |
| <b>Total equity</b>                                       | 739,068            | 701,831        | 2,246,989      | 1,986,868      | 2,986,057      | 2,688,699      |
| <b>Total policyholders' funds and liabilities</b>         |                    |                |                |                |                |                |
| Deferred tax liabilities                                  | 7,954              | 7,475          | 530,496        | 570,562        | 538,450        | 578,037        |
| Insurance contract liabilities                            | (98,882)           | (72,374)       | 17,090,798     | 16,449,157     | 16,991,916     | 16,376,783     |
| Reinsurance contract liabilities                          | -                  | -              | 205,869        | 132,181        | 205,869        | 132,181        |
| Derivative financial liabilities                          | -                  | -              | -              | 3,107          | -              | 3,107          |
| Lease liabilities   | -                  | -              | 5,638          | 6,736          | 5,638          | 6,736          |
| Other liabilities*  | 29,542             | 28,326         | 653,765        | 622,044        | 369,035        | 357,094        |
| Current tax liabilities/(assets)                          | 49,479             | 46,995         | (43,657)       | (29,411)       | 5,822          | 17,584         |
|   | (11,907)           | 10,422         | 18,442,909     | 17,754,376     | 18,116,730     | 17,471,522     |
| <b>Total equity, policyholders' funds and liabilities</b> | 727,161            | 712,253        | 20,689,898     | 19,741,244     | 21,102,787     | 20,160,221     |

\* Included herein are inter-fund balances that are eliminated in presenting the Company's total balances.

### 30. Insurance funds (continued)

#### Statement of profit or loss by funds for the year ended 31 December

|   | Shareholders' fund |               | Life fund        |                    | Total            |                    |
|---|--------------------|---------------|------------------|--------------------|------------------|--------------------|
|   | 2025               | 2024          | 2025             | 2024               | 2025             | 2024               |
|   | RM'000             | RM'000        | RM'000           | RM'000             | RM'000           | RM'000             |
| Insurance revenue   | -                  | -             | 2,657,170        | 2,432,478          | 2,657,170        | 2,432,478          |
| Insurance service expenses  | (3,271)            | (483)         | (2,167,026)      | (1,986,190)        | (2,170,297)      | (1,986,673)        |
| Net expense from reinsurance contracts held   | -                  | -             | (34,833)         | (51,701)           | (34,833)         | (51,701)           |
| <b>Insurance service result</b>   | <b>(3,271)</b>     | <b>(483)</b>  | <b>455,311</b>   | <b>394,587</b>     | <b>452,040</b>   | <b>394,104</b>     |
| Interest revenue on financial assets<br>not measured at FVTPL   | 15,945             | 12,069        | 305,870          | 308,852            | 321,815          | 320,921            |
| Net gains/(losses) on investments in debt securities<br>measured at FVOCI reclassified<br>to profit or loss on disposal | 246                | (134)         | 1,916            | 3,511              | 2,162            | 3,377              |
| Net gains on FVTPL investments  | 361                | 39            | 313,126          | 855,493            | 313,487          | 855,532            |
| Dividend income   | 1,858              | 1,464         | 130,643          | 139,926            | 132,501          | 141,390            |
| Net impairment (losses)/gains on financial assets   | (15)               | 5             | 147              | 152                | 132              | 157                |
| <b>Net investment income</b>  | <b>18,395</b>      | <b>13,443</b> | <b>751,702</b>   | <b>1,307,934</b>   | <b>770,097</b>   | <b>1,321,377</b>   |
| Finance expenses from insurance contracts issued  | -                  | -             | (585,852)        | (1,114,658)        | (585,852)        | (1,114,658)        |
| Finance income from reinsurance contracts held  | -                  | -             | 1,366            | 1,027              | 1,366            | 1,027              |
| <b>Net insurance finance expenses</b>   | <b>-</b>           | <b>-</b>      | <b>(584,486)</b> | <b>(1,113,631)</b> | <b>(584,486)</b> | <b>(1,113,631)</b> |

### 30. Insurance funds (continued)

#### Statement of profit or loss by funds for the year ended 31 December (continued)

|   | Shareholders' fund |                 | Life fund       |                  | Total           |                  |
|---|--------------------|-----------------|-----------------|------------------|-----------------|------------------|
|   | 2025<br>RM'000     | 2024<br>RM'000  | 2025<br>RM'000  | 2024<br>RM'000   | 2025<br>RM'000  | 2024<br>RM'000   |
| <b>Net insurance and investment results</b> | 15,124             | 12,960          | 622,527         | 588,890          | 637,651         | 601,850          |
| Other operating income                      | -                  | -               | 70              | 66               | 70              | 66               |
| Other operating expenses                    | (9,795)            | (22,669)        | (81,763)        | (109,382)        | (91,558)        | (132,051)        |
| Other finance expenses                      | -                  | -               | (311)           | (367)            | (311)           | (367)            |
|   | <u>(9,795)</u>     | <u>(22,669)</u> | <u>(82,004)</u> | <u>(109,683)</u> | <u>(91,799)</u> | <u>(132,352)</u> |
| Transfer                                    | 314,292            | 293,221         | (314,292)       | (293,221)        | -               | -                |
| <b>Profit before tax</b>                    | <u>319,621</u>     | <u>283,512</u>  | <u>226,231</u>  | <u>185,986</u>   | <u>545,852</u>  | <u>469,498</u>   |
| Income tax expense                          | (52,973)           | (48,183)        | (1,606)         | (53,420)         | (54,579)        | (101,603)        |
| <b>Profit for the year</b>                  | <u>266,648</u>     | <u>235,329</u>  | <u>224,625</u>  | <u>132,566</u>   | <u>491,273</u>  | <u>367,895</u>   |

### 30. Insurance funds (continued)

Information on cash flows by funds for the year ended 31 December

|   | Shareholders' fund |                | Life fund       |                | Total            |                |
|---|--------------------|----------------|-----------------|----------------|------------------|----------------|
|   | 2025<br>RM'000     | 2024<br>RM'000 | 2025<br>RM'000  | 2024<br>RM'000 | 2025<br>RM'000   | 2024<br>RM'000 |
| <b>Cash flows from/(used in):</b>                           |                    |                |                 |                |                  |                |
| Operating activities  | 149,476            | 85,125         | (53,634)        | 222,938        | 95,842           | 308,063        |
| Investing activities  | -                  | -              | (25,916)        | (16,555)       | (25,916)         | (16,555)       |
| Financing activities  | (230,921)          | (77,841)       | (5,701)         | (5,355)        | (236,622)        | (83,196)       |
| <b>Net (decrease)/increase in cash and cash equivalents</b> | <b>(81,445)</b>    | <b>7,284</b>   | <b>(85,251)</b> | <b>201,028</b> | <b>(166,696)</b> | <b>208,312</b> |
| At beginning of year  | 103,983            | 96,699         | 1,152,871       | 951,843        | 1,256,854        | 1,048,542      |
| At end of year  | 22,538             | 103,983        | 1,067,620       | 1,152,871      | 1,090,158        | 1,256,854      |

### 30. Insurance funds (continued)

#### Investment-linked funds statement of assets and liabilities as at 31 December

|                                 | 2025<br>RM'000          | 2024<br>RM'000          |
|---------------------------------|-------------------------|-------------------------|
| <b>Assets</b>                   |                         |                         |
| Investments                     | 4,860,038               | 4,363,113               |
| Derivative financial assets     | 572                     | -                       |
| Other assets                    | 6,466                   | 2,410                   |
| Cash and cash equivalents       | 395,471                 | 356,956                 |
|                                 | <u>5,262,547</u>        | <u>4,722,479</u>        |
| <b>Liabilities</b>              |                         |                         |
| Deferred tax liabilities        | 25,044                  | 21,292                  |
| Insurance contract liabilities  | 7,483                   | 5,283                   |
| Other liabilities               | 28,587                  | 23,300                  |
|                                 | <u>61,114</u>           | <u>49,875</u>           |
| <b>Net asset value of funds</b> | <u><u>5,201,433</u></u> | <u><u>4,672,604</u></u> |

### 30. Insurance funds (continued)

#### Investment-linked funds statement of income and expenditure for the year ended 31 December

|   | 2025<br>RM'000   | 2024<br>RM'000   |
|---|------------------|------------------|
| Insurance revenue   | 856,595          | 748,500          |
| Insurance service expenses  | (349,970)        | (292,343)        |
| <b>Insurance service result</b>                                       | <u>506,625</u>   | <u>456,157</u>   |
| Interest (expenses)/revenue on financial assets not measured at FVTPL | (56,565)         | 8,160            |
| Net gains on FVTPL investments  | 68,528           | 492,967          |
| Dividend income   | 75,498           | 68,155           |
| <b>Net investment income</b>  | <u>87,461</u>    | <u>569,282</u>   |
| Finance expenses from insurance contracts issued                      | (528,829)        | (901,449)        |
| <b>Net insurance finance expenses</b>                                 | <u>(528,829)</u> | <u>(901,449)</u> |
| <b>Net insurance and investment results</b>                           | 65,257           | 123,990          |
| Other operating expenses  | (63,193)         | (85,914)         |
| <b>Profit before tax</b>  | <u>2,064</u>     | <u>38,076</u>    |
| Income tax expense  | (2,064)          | (38,076)         |
| <b>Profit for the year</b>  | <u><u>-</u></u>  | <u><u>-</u></u>  |

# Allianz Life Insurance Malaysia Berhad

Registration No. 198301008983 (104248-X)  
(Incorporated in Malaysia)

## Statement by Directors pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 40 to 215 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2025 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....  
**Peter Ho Kok Wai**  
Director

.....  
**Giulio Slavich**  
Director

Kuala Lumpur  
Date: 27 February 2026

# Allianz Life Insurance Malaysia Berhad

Registration No. 198301008983 (104248-X)  
(Incorporated in Malaysia)

## Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Chia Yuh Woei**, the officer primarily responsible for the financial management of Allianz Life Insurance Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 40 to 215 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Chia Yuh Woei, at Kuala Lumpur in the Federal Territory on 27 February 2026.

.....  
**Chia Yuh Woei**

Before me:

Commissioner for Oaths



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF ALLIANZ LIFE INSURANCE MALAYSIA BERHAD  
(Incorporated in Malaysia)  
Registration No. 198301008983 (104248-X)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Allianz Life Insurance Malaysia Berhad (“the Company”) give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 40 to 215.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence and other ethical responsibilities*

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors’ report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors’ Report, but does not include the financial statements of the Company and our auditors’ report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (CONTINUED)**  
(Incorporated in Malaysia)  
Registration No. 198301008983 (104248-X)

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.



**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBER OF ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (CONTINUED)**  
(Incorporated in Malaysia)  
Registration No. 198301008983 (104248-X)

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**OTHER MATTERS**

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

WONG HUI CHERN  
03252/05/2026 J  
Chartered Accountant

Kuala Lumpur  
27 February 2026